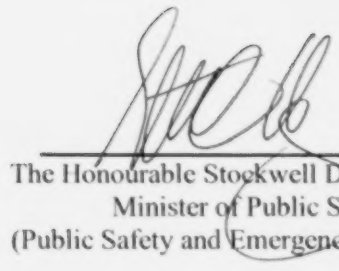
Canada Border Services Agency

2005-2006

Departmental Performance Report



The Honourable Stockwell Day, P.C., M.P.
Minister of Public Safety
(Public Safety and Emergency Preparedness)

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SECTION I – OVERVIEW

Minister's Message

As the Minister of Public Safety, I am proud to table the Canada Border Services Agency's (CBSA) Departmental Performance Report for 2005-2006. This report illustrates the commitment of the CBSA to support national security and public safety priorities and to facilitate the flow of legitimate travel and trade across our borders.

A key agency of the Public Safety portfolio, the CBSA is dedicated to protecting the security, safety and economic prosperity of Canadians by managing the access of people and goods to and from Canada.

Safe and open borders are essential to Canada's economic well-being, with about $1.9 billion in daily cross-border trade. The CBSA has continued its innovative approach to border management, including the deployment of initiatives to improve the flow of low-risk people and goods across the borders. Interest and enrolment remained high in trusted-traveller programs such as NEXUS and FAST, with both experiencing significant increases over 2004-2005. The results of the 25% Challenge of reducing transit wait times in the Windsor-Detroit Gateway far exceeded expectations. The Agency is moving ahead on its ambition to become a learning and science and technology-based organization to achieve its vision of a smart border, and a smart organization.

Being accountable to Canadians is of paramount importance to the Government of Canada. In 2005-2006, the CBSA continued to build a strong corporate foundation and modern management regime in support of this objective.

Safe streets and communities are a hallmark of life in Canada. Tackling crime to ensure safe communities is a major government priority, and securing safe borders is a key element of this priority. In its 2006 Budget, the government allocated $240 million to implement high-profile initiatives under the Security and Prosperity Partnership of North America (SPP) which will contribute to building a smarter, more secure and trade efficient border that relies on technology, information-sharing, and biometrics. An additional $101 million was allocated to begin the process of arming CBSA officers and ensuring they are no longer required to work alone.

By moving forward with innovative border management solutions, the CBSA has made important progress in building a more secure 21st century border. I congratulate the men and women of the CBSA for their accomplishments. I am heartened by their continued vigilance, professionalism, enthusiasm and commitment to excellence, all of which will contribute to a safer and more prosperous Canada.

The Honourable Stockwell Day, P.C., M.P.
Minister of Public Safety

President's Message

I am pleased to report that in 2005-2006, the Canada Border Services Agency (CBSA) made progress towards achieving its strategic outcome of "efficient and effective border management that contributes to the security and prosperity of Canada." Our work centred on five key priorities.

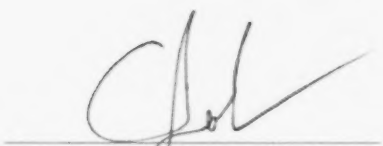
One priority was to put in place a more integrated approach to managing the border. Our work in this area focused on building and enhancing partnerships both within Canada and abroad. Our ongoing collaboration with the United States and Mexico through the Security and Prosperity Partnership of North America allowed us to take the initial steps towards developing the next generation of a common security strategy. Work also advanced on developing more integrated systems and tools that will support national security and facilitate the free flow of people and goods.

Three of our five priorities addressed our need to solidify our corporate and management foundation; this was especially important, as 2005-2006 was only our second full year of operation. Last year's passage of the *Canada Border Services Agency Act* was a major milestone. We refined some of our basic building blocks in human resources and financial management and administration, which will, over time, support our efforts to put the right people, processes and systems in place to manage the border more efficiently and effectively. For example, Budget 2005 provided funds necessary to address recommendations of the Job Hazard Analysis in the areas of policies, procedures, officer training and provision of protective and uniform equipment.

A fifth priority was to adopt a knowledge-based approach and to promote innovation, a key success factor in efficient and effective border management. We continued to look for new ways to "push the borders out" so that we manage risk away from the border and reduce the possibility of dangerous people or goods entering Canada. Modern border management is based on advance information on who and what is coming to our borders; sophisticated risk assessment systems and processes to inform decision-making; and alternative inspection and low-risk traveller programs to expedite legitimate travel and trade. This allows us to use our resources strategically, to invest them where they are most needed, and to equip our people to do their jobs to their fullest potential. In 2005-2006, we implemented a world-class automated commercial risk assessment system to support border management.

This report summarizes what the CBSA achieved in 2005-2006. While these accomplishments are significant, our work is by no means done. Border management is a complex and challenging field, and we must continue work with our partners and stakeholders to bring us closer to achieving the CBSA vision of a smart border, a smart organization.

I commend the professionalism and commitment of our employees. With their support, the CBSA will continue to advance the national agenda of protecting Canadians' health, safety and prosperity in the years ahead.



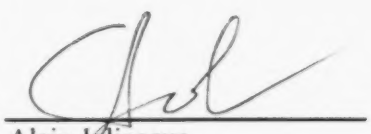
Alain Jolicoeur
President
Canada Border Services Agency

Management Representation Statement

I submit for tabling in Parliament, the 2005-2006 Departmental Performance Report (DPR) for the Canada Border Services Agency.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2005-2006 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidelines;
- It is based on the department's approved Program Activity Architecture structure as reflected in its Management Resources and Results Structure;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and,
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

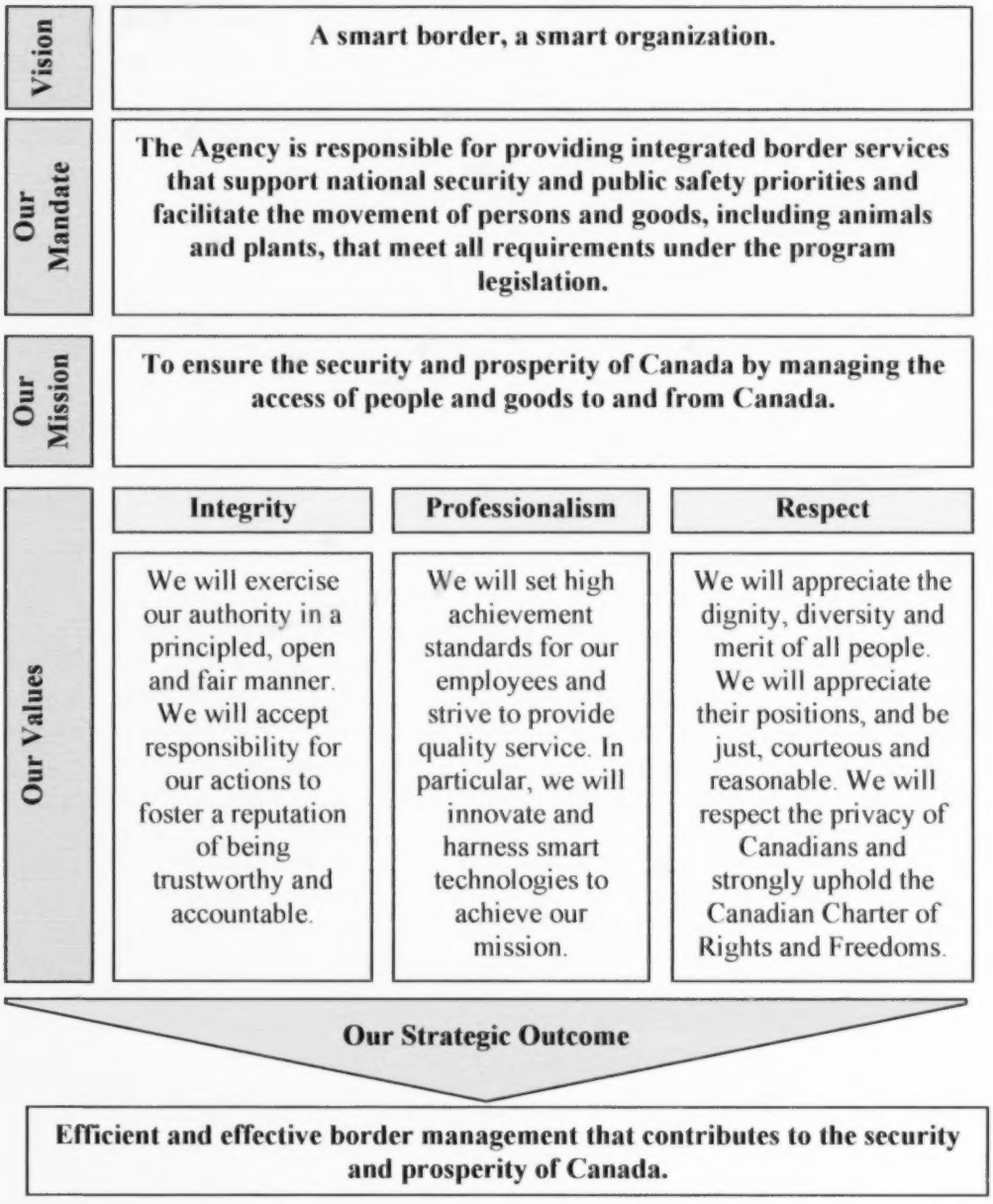


Alain Jolicoeur
President

Introduction

This document reports on the performance of the Canada Border Services Agency in relation to commitments set out in the CBSA's 2005-2006 Report on Plans and Priorities.

Summary Information


Vision
A smart border, a smart organization.
Our Mandate
The Agency is responsible for providing integrated border services that support national security and public safety priorities and facilitate the movement of persons and goods, including animals and plants, that meet all requirements under the program legislation.
Our Mission
To ensure the security and prosperity of Canada by managing the access of people and goods to and from Canada.
Our Values
Integrity
We will exercise our authority in a principled, open and fair manner. We will accept responsibility for our actions to foster a reputation of being trustworthy and accountable.
Professionalism
We will set high achievement standards for our employees and strive to provide quality service. In particular, we will innovate and harness smart technologies to achieve our mission.
Respect
We will appreciate the dignity, diversity and merit of all people. We will appreciate their positions, and be just, courteous and reasonable. We will respect the privacy of Canadians and strongly uphold the Canadian Charter of Rights and Freedoms.
Our Strategic Outcome
Efficient and effective border management that contributes to the security and prosperity of Canada.

Financial Resources ($ Thousands)

Planned Spending[1]	Total Authorities[2]	Actual Spending
1,125,462	1,212,564	1,168,851

Human Resources (FTEs)

Planned	Actual	Difference
12,311	12,077	234

Overview – who we are

The Canada Border Services Agency (CBSA) is a key player in the Government of Canada and contributes to the security and prosperity of Canada through the effective and efficient management of our borders. Created in December of 2003, the CBSA is an integral part of the Public Safety and Emergency Preparedness portfolio, which was established to protect Canadians and maintain a peaceful and safe society.

The CBSA's benefit to Canadians

The *Canada Border Services Agency Act* gives the CBSA the mandate to provide integrated border services that support national security and public safety priorities and facilitate the movement of persons and goods, including animals and plants, which meet all requirements under the program legislation.

The Agency employs intelligence-gathering and information-sharing techniques with our domestic partners and international counterparts. The CBSA is a key federal partner in protecting Canadians from threats to public safety and health.

Even as the CBSA enhances border security, it is developing measures and programs to expedite legitimate trans-border movement. The fluid flow of low-risk people and goods travelling into and out of Canada is essential to our national economic vitality.

The CBSA employs a program of responsible enforcement and an effective sanctions regime that may be applied to persons and groups that contravene Canadian border laws. These measures promote compliance and provide a level playing field for all travellers and traders.

The CBSA is a cost-effective, transparent and accountable Agency. We demonstrate fiscal prudence to Canadians through sound comptrollership measures, internal audits and program evaluations.

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[1] Planned Spending is mainly comprised of Main Estimates and additional funding received through the Federal Budget 2005.

[2] Total Authorities are mainly comprised of Main Estimates and Governor General Special Warrants.

Our Operating Environment – What we do

The CBSA provides integrated border services that balance the need to support national security and public safety priorities with the facilitation of cross-border movement of legitimate trade and travellers. In order to do so, we constantly identify, analyse and mitigate risk. Every day, our employees make thousands of real-time decisions that affect the security and prosperity of Canadians.

The CBSA delivers its programs and services in a complex environment that is rapidly evolving. To keep pace, and in efforts to enhance the security and prosperity of the nation, the CBSA advances collaboration with both domestic and international partners in areas as diverse as security, trade facilitation, and public health.

The CBSA carries out its responsibilities with a workforce of approximately 13,000 employees, including over 7,200 uniformed officers, providing services at some 1,200 points across Canada and 39 international locations.

Altogether, we manage 119 land-border crossings and 13 international airports. Sixty-one of these land-border crossings and nine of our international airports operate on a 24/7 basis. Our officers carry out marine operations at three major ports in Halifax, Montreal and Vancouver as well as at numerous marinas and reporting stations, and perform rail operations at 27 rail sites. We also process and examine international mail at three mail centres located in Vancouver, Toronto and Montreal.

The CBSA processes an average of 266,000 travellers entering Canada each day. Taken together in 2005-2006, we processed more than 97.1 million travellers arriving by highway, air, marine and rail – an increase of approximately 5 million over the 2003-2004 fiscal year and 2 million over the 2004-2005 fiscal year.

Each day, we collected an average of $9.1 million in import duties and taxes, and $63.7 million in GST/HST. The value of cross-border trade with the U.S. alone averaged $1.9 billion a day. An average of 18,200 trucks arrived every day, with over 10,000 of these cleared through the southern Ontario border crossings. We also cleared 70,289 passenger planes, 5,350 cargo planes and 179,120 marine vessels. In addition, we handled over 9 million clearance requests for commercial goods.

The CBSA administers more than 90 acts, regulations and international agreements, many on behalf of other federal departments and agencies, the provinces and the territories. Among them are the:	
✓ *Citizenship Act* ✓ *Criminal Code* ✓ *Customs Act* ✓ *Customs Tariff* ✓ *Excise Act* ✓ *Excise Tax Act* ✓ *Export and Import Permits Act* ✓ *Food and Drugs Act*	✓ *Health of Animals Act* ✓ *Immigration and Refugee Protection Act* ✓ *Plant Protection Act* ✓ *Proceeds of Crime* (Money Laundering) *and Terrorist Financing Act* ✓ *Special Import Measures Act*

The CBSA is responsible for:

- Administering legislation that governs the admissibility of people and goods, plants and animals into and out of Canada;
- Detaining those people who may pose a threat to Canada;
- Removing people who are inadmissible to our country, including those involved in terrorism, organized crime and war crimes or crimes against humanity;
- Interdicting illegal goods entering or leaving the country;
- Protecting food safety, plant and animal health and Canada's resource base;
- Promoting Canadian business and economic benefits by administering trade legislation and trade agreements to meet Canada's international obligations;
- Enforcing trade remedies that help protect Canadian industry from the injurious effects of dumped and subsidized imported goods;
- Administering a fair and impartial redress mechanism;
- Promoting Canadian interests in various international fora and with international organizations, and,
- Collecting applicable duties and taxes on imported goods.

Our partners and stakeholders

Given the nature of our work, the CBSA is involved in strategic partnerships with many government departments and agencies at home and abroad (see Appendix A for additional information). Dependable and timely communications with partners and stakeholders are key to minimizing risk and maximizing economic advantage for Canadians.

The Canada Border Services Advisory Committee (CBSAC) was created in the Fall of 2005 to provide independent advice and to serve as a sounding board on major trends and developments that may affect the management of Canada's border, as well as the priorities, business and operations of the CBSA. The CBSAC comprises some 24 stakeholders representing the private sector, the immigration community, travellers, the general public and academics.

The CBSA is committed to consulting with Canadian commercial stakeholders on strategies, policies, operational programs and administrative procedures that govern and affect Canada's commercial trade. In support of this commitment, the Border Commercial Consultative Committee (BCCC) was formed to provide CBSA officials and commercial stakeholders with a forum for dialogue on Canada's border operations. The BCCC is composed of 27 of the CBSA's major private sector stakeholder organizations, and is expected to meet at least twice a year.

Overall Departmental Performance

The CBSA is reporting to the Treasury Board Secretariat using the approved Program Activity Architecture (PAA) structure. In 2005, the Treasury Board approved CBSA's PAA at the sub-sub Program Activity level. The Agency is in the process of developing performance indicators and expected results down to the lowest level of its PAA. The CBSA will continue to gauge its success through the achievement of its Strategic Outcome.

The priorities set forth for the 2005-2006 fiscal year reflected primarily the CBSA's need to establish itself as a functional, independent and streamlined organization. This involved completing the integration of the three legacy organizations and building a modern and dynamic agency. This enabled the Agency to better fulfill its mandate through sound and smart internal management. These priorities were satisfied while continuing to support the Government of Canada's priorities of safety, security and prosperity of Canadians.

The section that follows provides an overview of our progress under each of the five priorities. In 2005-2006, one of the ongoing areas of focus was policy and program analysis that helped us better define the way ahead for border management. In turn, Budget 2006 announced funding that will enhance our three main program activities and enable us to make progress on our strategic outcome.

- As part of the Security and Prosperity Partnership of North America, Budget 2006 announced $240 million over the next two years for initiatives that will enhance security and, at the same time, facilitate the flow of lawful trade and travel. This will allow for expansion of NEXUS Air, E-Manifest, business resumption planning and the Passenger Name Record Program.
- The Government of Canada also announced $101 million over the next two years to begin the process of arming CBSA Officers and eliminating work-alone situations.

The tables below provide performance highlights for each of the CBSA's 2005-2006 priorities. Section II provides detailed performance information by Program Activity in support of the CBSA's priorities and commitments.

Strategic Outcome: Efficient and effective border management that contributes to the security and prosperity of Canada.
Alignment to Government of Canada Outcomes: A strong and mutually beneficial North American partnership.

Priority 1: Integrated Border Management	
Results Statement: CBSA achieves integrated border management through the development of national programs and operational policies designed to provide the public, partners and stakeholders with a single service window.	
Program Activity	**Performance Highlights**
Security	✓ In order to push the borders out, the CBSA has 45 Migration Integrity Officers located in 39 key locations abroad, and continues to work with local, regional, national and international partners to screen people and goods along the travel continuum at the earliest opportunity overseas, during transit, and upon arrival at the Canadian border. ✓ In March 2005, the three North American leaders – Canada, the United States and Mexico – launched the next generation of a common security strategy – the Security and Prosperity Partnership of North America – to further secure North America and ensure the streamlined movement of legitimate travellers and cargo. The CBSA continues to lead or co-lead on 45 deliverables while providing support on another 57 deliverables under this new partnership. ✓ The CBSA coordinated intelligence and enforcement activities at ports of entry, inland offices, and posts abroad in cooperation with internal and external stakeholders and partners to create more certainty, predictability, and transparency through the progress made on joint initiatives with the United States in developing tools and methods to combat Immigration, Asylum and Document Fraud and Commercial Fraud. ✓ We continued to work with our domestic and international partners through the Immigration Enforcement Program to ensure that persons who have no legal right to remain in Canada, including those who pose a risk to the safety and security of Canadians, are investigated, detained or removed. ✓ In October 2005, CBSA signed a Container Security Initiative Partnership Arrangement with U.S. Customs and Border Protection in order to move forward on this initiative and reinforce the commitment of both countries to securing North

	American trade. ✓ In 2005-2006, the CBSA championed and adopted the World Customs Organization's (WCO), Standards to Secure and Facilitate Global Trade. This Framework of Standards will be instrumental in advancing our objective of enhanced border management in a focused manner.
Access	✓ Throughout the 2005-2006 fiscal year, the CBSA was able to provide sound strategic planning that contributed to the implementation of multiple strategies aimed at ensuring the flow of lawful people and trade while focusing on unknown or high risks to Canada. Examples of our successes this year include: our innovative expedited clearance programs including the U.S. Direct Initiative, implementing the Canada-U.S. Safe Third Country Agreement and meeting the challenge to reduce transit times across the Windsor-Detroit Gateway by 25%.
Science and Technology-based Innovation	✓ Specific examples of activities that the CBSA made progress against in 2005-2006 include ensuring system availability across the country to enable the delivery of secure and accessible border services, and the development and maintenance of integrated border management systems which include: NEXUS, FAST, CANPASS Air, Advanced Commercial Information, and Customs Self-Assessment – all of which result in the secure flow of people and goods.

Priority 2: A Solid Corporate Foundation	
Results Statement: A solid corporate foundation is achieved through strong human resources, comptrollership, and governance regime frameworks that maximize our ability to manage our operations, fulfill our mandate, and achieve our desired outcome.	
Program Activity	**Performance Highlights**
Science and Technology-based Innovation	✓ In 2005-2006, additional resources were invested in the development and maintenance of information technology systems. Examples of initiatives that support this priority are the deployment of dual-mode detection systems (Narcotics/Explosives) at 30 locations across Canada and the implementation of the Major Project Governance Framework to manage our initiatives.
Corporate Management and Direction	✓ The 2005 Federal Budget provided the CBSA with additional funds over five years to increase our presence at the border, to address the recommendations of the Job Hazard Analysis and to solidify our corporate foundation. Demonstrating our commitment to assuring a safe and healthy workplace for our employees, we implemented recommendations of the Job Hazard Analysis report in 2005-2006. Recommendations were implemented in the areas of policies, procedures, officer training and provision of protective and uniform equipment,

	including radios. ✓ We initiated a review of all our corporate policies related to comptrollership, including financial management, to ensure that they are integrated, harmonized, and in accordance with central agency policies and regulations. Departmental contracting policies were developed to support Treasury Board policies, and related training was provided. Part of our success this year can be attributed to the progress we made against: establishing the *Canada Border Services Agency Act*, completing Phase I and finalizing Phase II of the A-Base Review, establishing a staffing accountability framework with the Public Service Commission, making progress on the development of the Border Services Classification Reform – Frontière/Border Standard, implementing the *Public Service Modernization Act*, and further developing and refining governance and accountability structures, including the development of a management control framework that will integrate objectives related to organizational accountability, risk management and control processes with a broad range of objectives.

Priority 3: Program Integrity	
Results Statement: Program integrity is achieved through the development of policies and programs that facilitate the entry of low-risk persons and goods to Canada while focusing resources on areas of high-risk. Program integrity is also achieved by providing senior management and the Agency's Internal Audit and Evaluation Committee with independent and objective information, assurance that programs and systems are working as they were intended, and advice and assertion on the soundness of the CBSA's management and control frameworks.	
Program Activity	**Performance Highlights**
Security	✓ We focused on taking appropriate action against those who contravened border legislation – by applying, for example, our three-pronged approach (to investigate, prosecute and remove) – to prevent alleged war criminals from entering Canada under the War Crimes Strategy. ✓ The Agency ensured that proper decisions were made with respect to granting status and the issuance of documents to foreign nationals seeking entry into Canada. ✓ The CBSA also developed tools and methods to prevent and combat Immigration, Asylum and Document Fraud.
Access	✓ The CBSA began developing an integrated redress strategy to incorporate all redress responsibilities under a single framework. This helps the CBSA to provide a fair, transparent and timely dispute resolution process respecting Canadians' fundamental right to redress in their dealings with the CBSA.
Science and Technology-based Innovation	✓ In 2005-2006, the Agency continued to enhance current systems to maximize their efficiency, meet the demands of

	our operations, and ensure interoperability with other systems within CBSA and with external partners. This included the implementation of Advanced Commercial Information (ACI) Air as a new service option in December 2005. ✓ This year, the Agency also made great strides towards solidifying border infrastructure by reviewing and enhancing current processes, methods and tools for its ports of entry. ✓ The Agency delivered on plans to provide new or improved connectivity for CBSA ports.
Corporate Management and Direction	✓ The CBSA continued to manage its resources responsibly and with the highest regard for its stewardship of public monies. ✓ During 2005-2006, CBSA improved its capacity for results-based decision-making by establishing a Results-based Management and Accountability Framework function that allowed the Agency to respond to changing expectations and priorities through the development of performance management tools. ✓ Through its integration strategy, the Agency focused on the harmonization and integration of financial, human resources, and administrative policies, practices and systems in 2005-2006.

Priority 4: A Modern Management Regime	
Results Statement: A modern management regime is driven by the needs and expectations of Canadians for good governance, modern comptrollership, well-managed government programs, and greater openness, transparency and accountability.	
Program Activity	**Performance Highlights**
Security	✓ In 2005-2006, the Agency continued to collect and share information on individuals and organizations with the recognition of the need to balance respect for the privacy of individuals with the need to promote information-sharing with its partner departments and agencies.
Access	✓ Throughout 2005-2006, the CBSA supported the competitiveness of Canadian business by continuing to conduct investigations into alleged unfair trade practices such as dumping by exporters and subsidizing by foreign governments.
Science and Technology-based Innovation	✓ The Agency improved its capacity to support evidence-based decision-making in an environment of innovation through the enhancement of our current systems in order to maximize their efficiency and ensure their interoperability with other systems within CBSA.
Corporate Management and Direction	✓ The CBSA established a clearly defined governance structure that sets out the roles and responsibilities of senior executives and a comprehensive network of senior executive committees. ✓ In May 2006, the Treasury Board Secretariat recognized

	improvements CBSA made in 2005-2006 to strengthen the effectiveness of its planning function. ✓ Throughout 2005-2006, work began on a management control framework that will integrate management control objectives related to organizational accountability, risk management and control processes.

Priority 5: A Knowledge-Based Approach	
Results Statement: A knowledge-based approach is achieved through the implementation of information systems, databases, and communications links that facilitate the acquisition and sharing of knowledge among CBSA employees; the application of innovation, science and technology to program development, work processes, and business solutions; the development and maintenance of the skills of employees through innovative training and learning approaches; supporting our operational and corporate programs in a changing technological environment; ensuring employees have the right information at the right time to fulfill their responsibilities; and retaining a skilled workforce.	
Program Activity	**Performance Highlights**
Security	✓ The CBSA continued to develop a strong intelligence capacity relating to the threats and challenges posed by the international movement of people and goods. Officers in Canada and abroad were supported by a number of intelligence products, such as quarterly and annual threat assessments of illegal migration and monthly and annual threat assessments on contraband commodities, many of which are shared with our domestic and international partners. ✓ The Agency continued to take a risk-based approach this year through its use of the Advanced Passenger Information/Passenger Name Record system. Also, a Memorandum of Understanding concerning the processing of API/PNR data was signed with the Swiss Federal Office in February 2006. Subsequently, Canada signed an agreement with Switzerland in February 2006, and a treaty with the European Union effective March 2006, concerning the processing of API/PNR data.
Access	✓ Throughout 2005-2006, the CBSA ensured a level playing field for travellers and traders through the development and implementation of an integrated redress strategy that streamlined and provided a single window for appeals processes and disputes.
Science and Technology-based Innovation	✓ In 2005-2006, we continued to apply science and technology to our business, and developed new and innovative approaches to border management. These included automated targeting systems, among them one of only two automated commercial risk assessment systems in the world supporting border management. Our world-class laboratory continued to offer a diverse range of scientific, forensic, analytical and

	research advisory services. ✓ The CBSA was recognized as a leader in innovation, in the development and maintenance of critical operational systems, and in the use of highly secure and advanced technologies such as the radiation detection initiative. ✓ Throughout 2005-2006, we continued to work toward providing the latest technology and hardware available to support and equip our operations in the regions and at headquarters. ✓ The CBSA continued to study various biometric technologies to enhance its capacity for the next generation of safe, secure and efficient traveller screening tools. Iris recognition technology continued being used to identify and validate membership in its trusted traveller programs: CANPASS Air and *NEXUS Air*. ✓ In 2005-2006, the Agency continued to leverage its experience, knowledge and best practices to increase the effectiveness and efficiency of the CBSA's technological and scientific solutions for effective border management and enhanced its capacity to support evidence-based decision-making in an environment of innovation as demonstrated by our Advanced Passenger Information/Passenger Name Record program.

SECTION II – ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

Preface

The descriptions in the following pages provide context for understanding our work achievements over the 2005-2006 reporting period. Under the "Meeting our 2005-2006 Priorities and Commitments" heading within each Program Activity, we highlight the results achieved on specific programs and services that we outlined in the 2005-2006 Report on Plans and Priorities. We also describe our accomplishments in respect of initiatives or programs not specifically referenced in the 2005-2006 Report on Plans and Priorities under the "Additional Accomplishments in 2005-2006" related to each Program Activity.

Program Activity: Security

The goal of the Security program activity is to ensure the safety and security of Canadians, within the context of the government's security agenda, through effective and efficient border management.

Financial Resources ($ Thousands):

Planned Spending	Total Authorities	Actual Spending
390,643	313,798	300,599

Human Resources (FTEs):

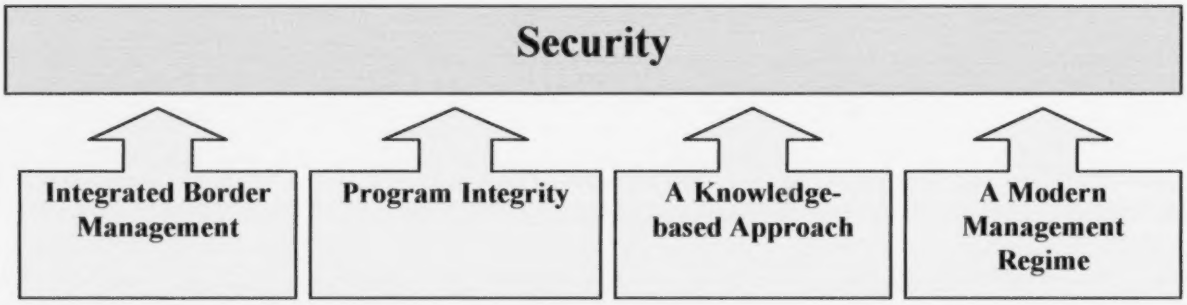
Planned	Actual	Difference
4,003	3,580	423

Explanation of Differences: The $77 million difference between the Planned Spending and Total Authorities is mainly attributable to the combination of the following factors:

- Technical adjustment made to reallocate funds among Program Activities related to Public Security and Anti-Terrorism/Smart Border initiatives; and,
- Compensation for collective agreements to reflect negotiated and concluded agreements.

The $13 million difference between the Total Authorities and the Actual Spending is mainly attributable to delays in the initial purchase of equipment as a result of changes in procurement procedures, and ongoing negotiations with international partners on connectivity issues; the need to procure space and infrastructure in airports and at border points; and resistance from industry regarding the placement of equipment at marine terminal docks.

The Security program activity is supported by the following departmental priorities:



Meeting our 2005-2006 Priorities and Commitments

Performance Summary of the Security Program Activity

The Security program activity aims to enhance the security of our border as part of the CBSA's overall efforts to ensure efficient and effective border management. During the performance period, the CBSA continued its day-to-day efforts in this area by strengthening its intelligence and enforcement capacities and by working closely with partners in Canada and abroad. This resulted in a higher rate of interception of improperly documented arrivals before they arrived in

Canada and an increased rate of completed criminal prosecutions. The number of individuals removed who had no legal right to remain in Canada was similar to the previous fiscal year.

Investigations

With a mandate to support Canada's public safety and economic prosperity by investigating and pursuing prosecution of those who commit offences against Canada's border legislation[3], the CBSA's Investigations program completed 270 criminal prosecutions in 2005-2006, an increase of 31% over the previous year. The success rate on prosecutions initiated by the CBSA has remained constant at 90% over the past two years. In addition to criminal penalties imposed by the courts, the Investigations program imposed civil penalties (i.e. seizures, ascertained forfeitures, Administrative Monetary Penalties) of over $27.6 million throughout the fiscal year.

In support of the new integrated border services vision of the CBSA, the Investigations program also made significant progress toward revising its mandate to incorporate criminal investigations and prosecutions under the *Immigration and Refugee Protection Act* and by reviewing various pieces of legislation pertaining to food, plant and animal products.

Immigration Enforcement

The CBSA works with domestic and foreign partners to investigate, detain and remove any person or persons who have no legal right to enter or remain in Canada, including those persons who pose a threat to the safety and security of Canada.

In 2005-2006, the CBSA removed 11,286 persons who were inadmissible to Canada, including 1,841 (16%) who were criminals. An individual may be determined to be inadmissible to Canada on a number of grounds, in violation of specific provisions of Sections 34 - 42 of the *Immigration and Refugee Protection Act*. This is the third straight year that removals exceeded 11,000. Such removals contribute to the protection of Canadian society.

The CBSA also detained 11,633 persons in 2005-2006 who were found to have contravened the *Immigration and Refugee Protection Act.*

Deployment of Migration Integrity Officers Overseas

In accordance with our "Multiple Borders Strategy," the CBSA currently has 45 Migration Integrity Officers located in 39 key locations abroad. The implementation of the strategy, which included the overseas deployment of Migration Integrity Officers[4] and Intelligence Liaison Officers[5], has strengthened the CBSA's capacity to interdict irregular migrants overseas.

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[3] This includes the *Customs Act*

[4] Migration Integrity Officers work with other government departments, international partners, local immigration and law enforcement agencies and airlines with the goal of combating irregular migration to Canada, including people smuggling and trafficking of illegal migrants.

[5] Intelligence Liaison Officers work within host foreign government organizations in order to enhance ongoing cooperation between the two organizations in the mutual interest of improved border-related intelligence outcomes.

In the past fiscal year, Migration Integrity Officers conducted hundreds of small and large training sessions with airline staff, security officers working for transportation companies, border control authorities and visa officers to reduce irregular migration to Canada and travel document abuse and misuse, and to stem fraud within the visa process.

Due in part to our Migration Integrity Officers' presence abroad, in 2005-2006, Canada received the fewest improperly documented arrivals at Canada's airports since statistics were first recorded in 1989. The reporting provided by Migration Integrity Officers and Intelligence Liaison Officers abroad throughout 2005-2006 has been recognized within the Canadian Intelligence community, Privy Council Office, Department of Foreign Affairs and International Trade and Transport Canada as being of national, as well as international, value.

DID YOU KNOW?

In 2005-2006, CBSA's Migration Integrity Officers abroad intercepted 5,100 improperly documented arrivals before they arrived in Canada.

Container Security Initiative

Since March 2005, Canada has partnered with the United States to work on the Container Security Initiative. As part of this partnership, and in accordance with our "Multiple Borders Strategy" of pushing the borders out, the CBSA agreed to deploy officers to foreign countries to work with local authorities in the targeting and verification of shipping containers, and to identify high-risk containers before they are loaded onto vessels destined for North America.

Since then, the CBSA completed outreach activities with six countries, identifying two countries as potential Container Security Initiative locations. In October 2005, CBSA signed a Container Security Initiative Partnership Arrangement with U.S. Customs and Border Protection in order to move forward on this initiative and reinforce the commitment of both countries to securing North American trade[6].

Additional Accomplishments in 2005-2006

Integrated Proceeds of Crime: Money Laundering

The CBSA plays a key role in aiming to achieve responsible enforcement on the international movement and interception of high-risk goods and persons linked to money laundering, illicit profits and cross-border currency seizures. The Agency provides intelligence and operational support on any border-related enforcement activities made to the Royal Canadian Mounted Police Integrated Proceeds of Crime (RCMP/IPOC) Units.

[6] In part due to the lengthy negotiations required to create a Container Security Initiative partnership, and the various legal and diplomatic needs, the current implementation schedule for the project has been extended. The 2005-2006 Report on Plans and Priorities listed potential performance indicators for the Container Security Initiative, which the CBSA will be able to provide performance information on once the program is operational.

The CBSA's role is to collect, evaluate, analyze and disseminate intelligence on actual, suspected and potential proceeds of crime violations affecting the CBSA mandate. In terms of forfeited proceeds, over the past three years, the Agency has referred over 650 proceeds of crime seizure files valued at $38.2 million to the RCMP/IPOC Units.

Investments to Combat the Criminal Use of Firearms

The CBSA is a partner in a federal government initiative entitled *Investments to Combat the Criminal Use of Firearms* (ICCUF), a multi-agency effort aimed at combating gun crime in Canada by enhancing the national collection, analysis and sharing of firearms-related intelligence and information. This horizontal initiative, involving Public Safety and Emergency Preparedness Canada, the RCMP and the CBSA, will operate until the spring of 2009.

Under the ICCUF mandate, the CBSA has positioned Regional Intelligence Firearm Liaison Officers at strategic locations across Canada to collaborate on intelligence development and enhancement with other law enforcement agencies and U.S. partners. To date, the CBSA has engaged in various activities aimed at meeting the objectives set out in the ICCUF mandate, including delivering a joint agency training seminar to various law enforcement agencies in March 2006, providing significant input into the National Collection Plan being coordinated by the Criminal Intelligence Service of Canada and providing a continuous flow of intelligence data to CSBA border services officers and other enforcement agencies across Canada in a coordinated effort to combat the illicit movement of firearms across our border. The CBSA also sits as a member of the ICCUF Joint Management Team and provides regular input and advice on the implementation of the ICCUF initiative.

Advance Passenger Information/Passenger Name Record

The Advance Passenger Information/Passenger Name Record (API/PNR) program is designed to protect Canada and Canadians by enabling the CBSA to perform a risk assessment of travellers (passengers and crew) prior to their arrival in Canada. Through this initiative, high-risk air travellers are identified while en route, before they arrive at eight of Canada's 13 major international airports.

In September 2005, the CBSA completed Phase I and Phase II of the High-Risk Traveller Initiative by implementing the functionality for the reciprocal sharing of information on travellers who reach an established threshold after being risk-scored. This information is shared with the United States as part of Canada's commitments under the Canada-U.S. Smart Border Declaration.

The CBSA concluded negotiations on a treaty with the European Union (signed October 2005) and a Memorandum of Understanding with the Swiss Federal Office for Civil Aviation (signed February 2006) concerning the processing of API/PNR data. These agreements were crucial to allow the CBSA to collect passenger information for flights originating in their territories.

In December 2005, the Protection of Passenger Information Regulations were promulgated under the *Immigration and Refugee Protection Act*, ensuring a high level of protection in respect of the

collection, disclosure, retention and disposal of API/PNR data, and respecting Canada's commitment to the European Union under the treaty.

Immigration, Asylum and Document Fraud

The CBSA is an international leader in developing tools and methods to combat document fraud, conducting research in the area of document forensics and participating in a number of international forums on information-sharing and document analysis.

In 2005-2006, the CBSA participated in the Immigration Fraud Conference as well as the International Civil Aviation Organization and the European Document Experts Working Group. The CBSA also participated as a member of a four-country working group that maintains an international database used for document verification.

The CBSA produced 63 fraudulent document alerts in January to December 2005 that were disseminated to multiple government and transportation industry partners and stakeholders. In 2005-2006, the CBSA also developed training packages on document examination, impostor detection and passenger assessment, many of which were shared with key partners for use in internal and external training.

Strengthening Intelligence Capacity

In 2005-2006, one of our top priorities was to ensure that our front-line officers kept pace with the evolution of our business, where technology and intelligence play an ever more prominent role in ensuring a secure border that facilitates trade and travel. During the fiscal year, the CBSA continued to develop a strong intelligence capacity relating to threats and challenges posed by the international movement of people and goods.

Throughout 2005-2006, officers in Canada and abroad were supported by a number of intelligence products. Many of our automated targeting systems for passenger and commercial information allowed our employees at ports of entry and the National Risk Assessment Centre to gather information from multiple sources and enhance interoperability with our partners. In addition, the CBSA further supported field officers through the provision of functional guidance available 24/7 by phone.

War Crimes Strategy

Canada's War Crimes Strategy is a coordinated program between the CBSA, the Royal Canadian Mounted Police, the Department of Justice, and Citizenship and Immigration Canada. The CBSA program deals solely with modern-day war criminals (i.e., those involved in post-World War II war crimes). In 2005-2006, the CBSA continued with its three-pronged approach to dealing with war crimes cases: preventing entry, identifying and determining the admissibility of suspected war criminals already in Canada, and removing inadmissible persons from Canada. Throughout the fiscal year, CBSA's program was refocused to emphasize preventing alleged war criminals from entering Canada and case processing was reorganized to boost efficiency and reduce backlogs. Since the inception of the War Crimes program, and including the 2005-2006 fiscal year, over 3,360 individuals considered involved or complicit in war crimes or crimes against

humanity have been prevented from coming to Canada, and over 400 such persons have been removed from Canada.

In 2005-2006, work commenced on developing a "War Crimes" Results-Based Management and Accountability Framework (RMAF) to guide the program partners over five years. The RMAF is based largely on the two pillars of the program: operational coordination and allegation management. Part of this framework contains a list of expected results for the program over the next five years.

Partners in Protection

Through the Partners in Protection program, the CBSA and private industry have combined efforts to enhance border security, combat organized crime and terrorism, increase awareness of customs compliance issues, and help detect and prevent contraband smuggling. Under this program, the CBSA has developed strategic partnerships with the private industry to secure the flow of low-risk, legitimate goods and travellers across our border.

In Fall 2005, the CBSA began an evaluation of the Partners in Protection Program to assess its effectiveness, ensure compliance with the World Customs Organization Framework of *Standards to Secure and Facilitate Global Trade*, and to identify possible avenues to make Partners in Protection and the U.S. counterpart program, Customs-Trade Partnership Against Terrorism, more compatible.

Throughout the fiscal year, the CBSA also began work on an assessment of the feasibility of expanding goods eligible for clearance under the Customs Self-Assessment program and began an evaluation of the Partners in Compliance Pilot in support of its expansion.

Program Activity: Access

The goal of the Access program activity is to ensure the lawful flow of people and goods, promote compliance with border legislation, and ensure a level playing field for legitimate trade and travel.

Financial Resources ($ Thousands):

Planned Spending	Total Authorities	Actual Spending
653,011	696,916	667,411

Human Resources (FTEs):

Planned	Actual	Difference
7,840	7,319	521

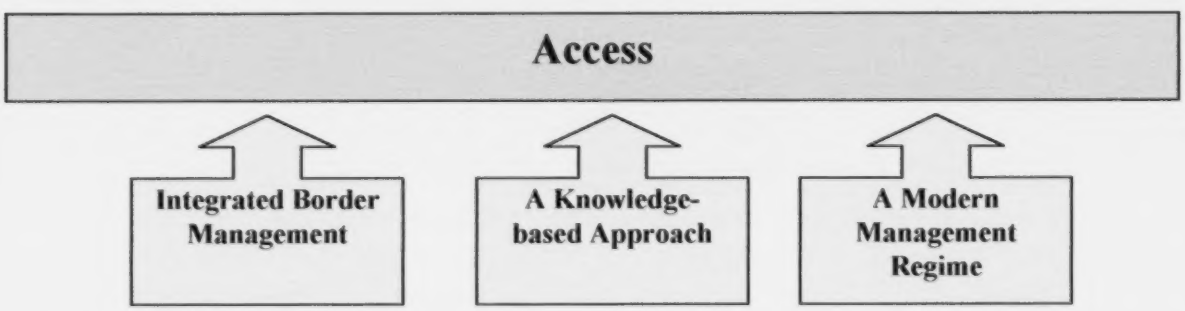
Explanation of differences: The $44 million difference between Planned Spending and Total Authorities is mainly attributable to the combination of the following factors:

- Technical adjustment made to reallocate funds among Program Activities related to our operational capacity to improve border security by strengthening our presence at the border and to build a solid foundation for the new Agency;
- Program-specific Operating Budget Carry-forward initiatives; and,
- Compensation for collective agreements to reflect negotiated and concluded agreements.

The $29 million difference between the Total Authorities and Actual Spending is mainly attributable to delays in the construction of capital projects at Douglas, BC; Stanstead, QC; Andover, NB; and, Cascade, BC.

The Agency also experienced normal delays and slippage during the ramp-up phase as the Agency enhanced its presence at the border related to the hiring, training and placement of new employees, particularly as it relates to the Job Hazard training program.

The Access program activity is supported by the following departmental priorities:



Meeting our 2005-2006 Priorities and Commitments

Performance Summary of the Access Program Activity

The Access program activity aims to enhance voluntary compliance with border legislation and regulations. In 2005-2006, we took steps towards this end as we developed, delivered and

reviewed policies and programs related to people, goods, trade and recourse. We continued to improve and apply risk-based processes that enabled us to focus on higher-risk people and goods, and facilitate the lawful flow of people and goods. We exceeded the service standards for our recourse services while reducing our ongoing caseload. Our investigations work helped protect Canadian jobs and billions of dollars in industry production. Last year, our collaboration led to a reduction of 25% in transit time across the Windsor-Detroit Gateway.

Risk-based processing of goods and people (customs, immigration and food, animal and plant inspection services)

The evolving challenges of managing our border, combined with the constant increase in international trade and travel, has resulted in an increased demand for risk-based processing of all goods and people desiring access to the Canadian economy.

As part of the risk-based approach taken by the Agency, the CBSA has established the National Risk Assessment Centre to increase Canada's ability to detect and interdict the movement of high-risk people and goods. This is done by sharing intelligence information with national and international partners, while respecting and upholding our fundamental right to privacy. The National Risk Assessment Centre facilitates the expeditious flow of information and intelligence between and within partnering agencies to assist in the identification of high-risk travellers and goods before arrival at our border. It further facilitates the timely flow of intelligence information to ensure the safe and secure flow of legitimate trade and travel.

Throughout the fiscal year, the CBSA denied entry to approximately 88,000 people. In addition, the CBSA made over 24,000 seizures of prohibited, restricted and/or controlled goods. We also seized over $34 million in currency under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, of which $8 million was forfeited to the Crown. We further made 8,400 drug seizures, keeping over $320 million worth of drugs off our streets, and seized 640 firearms, some of which may have been destined for members of organized crime groups.

The CBSA also employs risk management principles that enable the Agency to focus limited resources on areas of highest risk. For food, plant and animals, these include practices associated with assisting the Canadian Food Inspection Agency in delivering its mandate of protecting Canadians from preventable health risks and sustaining the plant and animal resource base. In 2005-2006, the total number of interceptions made at airports[7] related to both plant and animal goods was 84,622, including 24,278 interceptions made by our detector dog services throughout the fiscal year. For more information related to the CBSA's Food, Plant and Animal Statistics for the 2005-2006 fiscal year, please refer to Appendix B.

In 2005-2006, Canada and the United States agreed to support the common goals of improving continental security and facilitating international trade by harmonizing the automated risk assessment processes used for marine cargo containers with the current World Customs

[7] Figures were collected from the following 12 major airports only: St.John's, Halifax International Airport, Gander International Airport, Goose Bay, Pierre Elliott Trudeau International Airport (Dorval), Jean Lesage International Airport (Quebec), Macdonald-Cartier International Airport (Ottawa), Pearson International Airport, Calgary International Airport, Edmonton International Airport, Winnipeg International Airport and Vancouver International Airport.

Organization (WCO) *Standards to Secure and Facilitate Global Trade* and *General High Risk Indicators*. In support of the WCO Framework of Standards, the CBSA has championed a review of the Terms of Reference of the Scientific Sub-Committee within the WCO to better position the Scientific Sub-Committee in the area of security science and technology in addition to the support role already provided in trade facilitation.

The U.S. Direct Initiative is an additional innovative CBSA program that has demonstrated it can effectively reduce wait times and facilitate the movement of low-risk passengers and their goods by streamlining the primary inspection line process. The U.S. Direct Initiative is an expedited CBSA clearance process that was initiated in the Pacific region in partnership with the Vancouver International Airport Authority, the Vancouver Port Authority, participating cruise lines, and local CBSA representatives. The pilot for the U.S. Direct Initiative began in Vancouver BC in May 2005 and ran until September 2005, at which time the pilot was assessed. The assessment identified that the pilot successfully separated 80,199 passengers from traditional CBSA processing, while maintaining sterile and secure passenger and baggage transfers. This represented 16.33% of all passengers who were processed during that time period. Due to the tremendous success of the pilot and the positive feedback received, the U.S. Direct Initiative continued in the 2006 cruise ship season in British Columbia and the CBSA will assess the possibility of converting this pilot into a national program.

> ***DID YOU KNOW?***
> Invasive alien species cost the country between $13 and $45 billion dollars a year. A single invasive alien thistle impacting on canola carries an annual cost of $320 million.

Investigations under the *Special Import Measures Act*

One of the key elements of the CBSA's border management responsibilities is the administration of a facilitative and transparent trade program that supports the competitiveness of Canadian business.

In 2005-2006, the CBSA completed dumping[8] and subsidy[9] investigations on grain corn and laminate flooring. As the investigations covered several countries, there were a total of ten specific determinations. The Canadian International Trade Tribunal consequently determined that imports of laminate flooring from two of these countries had caused injury to the Canadian industry, while imports of grain corn had not caused injury.

At the end of the fiscal year, the CBSA was monitoring imports of 19 products from various countries and assessed duty where necessary to offset the dumping or subsidizing. This activity helped protect 33,145 jobs and $12.6 billion in Canadian production in the 2005-2006 fiscal year.

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[8] Dumping occurs when goods are sold to importers in Canada at prices that are lower than the selling price of comparable goods in the country of export or when goods are sold to Canada at unprofitable prices. The amount of dumping on imported goods may be offset by the application of "anti-dumping" duty.

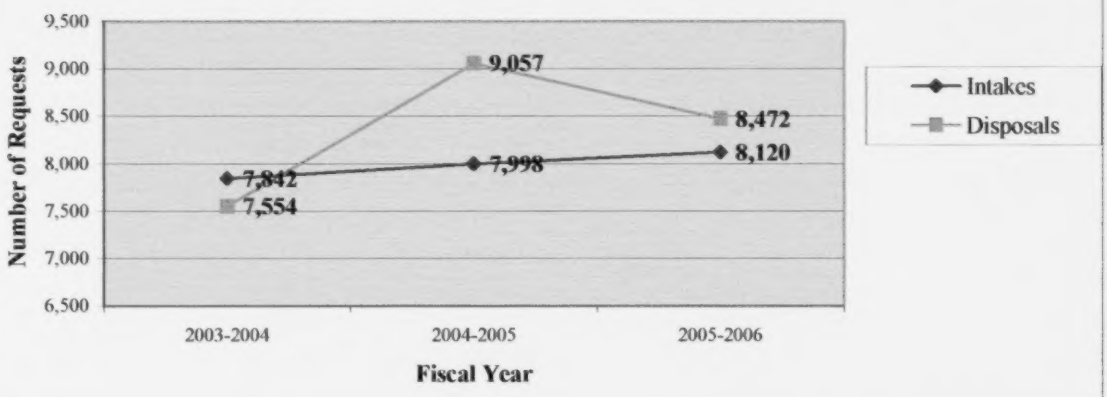
[9] Subsidizing occurs when goods imported into Canada benefit from foreign government financial assistance. The amount of subsidizing on imported goods may be offset by the application of "countervailing" duty.

Recourse Services

Fair treatment and a commitment to the rights of the individuals and groups we interact with are fundamental pillars that guide our relationships with clients, partners and stakeholders. Throughout 2005-2006, the CBSA developed and delivered administrative reviews of its decisions related to trade programs and enforcement sanctions. The goal was to provide clients with a fair, transparent and timely dispute resolution process respecting Canadians' fundamental right to redress in their dealings with the CBSA.

During 2005-2006, over 8,000 requests for reviews of enforcement actions or re-determinations were received and approximately 8,500 recourse decisions were rendered. Figure 2.1 provides the intake and disposal comparison over a three-year period.

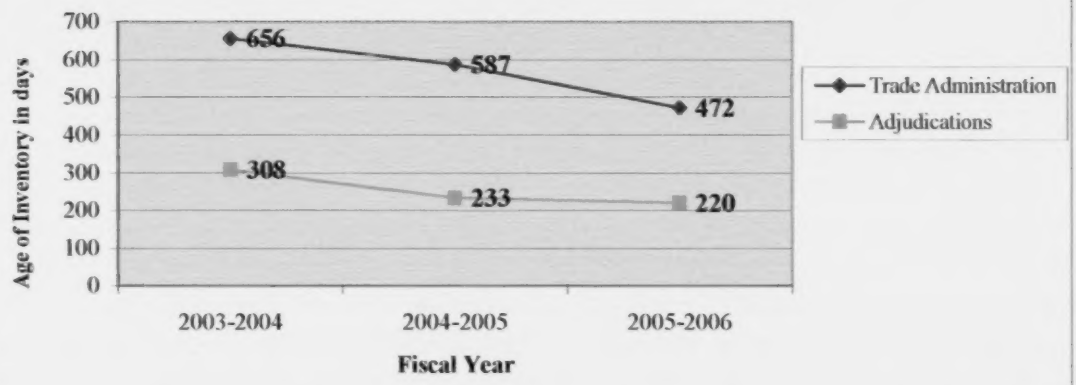
Figure 2.1 - Intake and Disposal Comparison Over a 3-Year Period



To promote transparency and timely decision-making in 2005-2006, the CBSA aimed to acknowledge new appeals within 30 days of receipt and provide the claimant with the name of a contact within the CBSA who was assigned to their case. This standard was satisfied 93% of the time. In addition to acknowledging receipt of the dispute in a timely fashion, the CBSA also aimed to provide clients with the Notice of Reasons for Action (NRA) within 45 days of the file being assigned to an adjudicator, 90% of the time. This standard was exceeded during 2005-2006 as 95% of clients received the Notice of Reasons for Action within 45 days.

In order to assist in timely decision-making, significant effort in 2005-2006 was directed at reducing the age of our inventories, particularly in the trade administration dispute resolution area. The most noteworthy accomplishment was the reduction in the average age of inventory, of trade administration and adjudication disputes by approximately 28%, over a three-year period. Figure 2.2 shows the age of inventory over a three-year period.

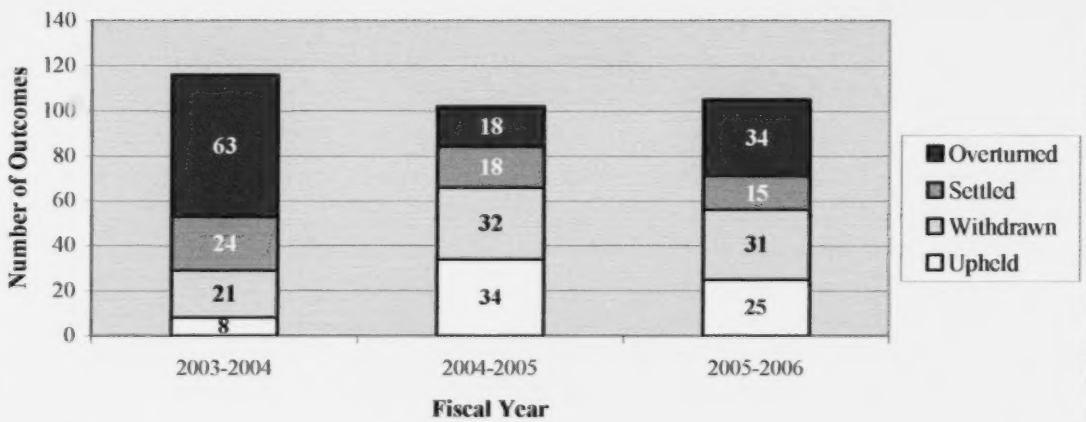
Figure 2.2 Age of Inventory Over a 3-Year Period



The ability to provide a timely response to an administrative dispute is sometimes beyond our control. There are instances when a request cannot be processed while we await a court decision or other information. This adds to the length of time it takes to resolve a dispute and may have a negative impact on the clients' perception of the appeal process.

Over a three-year period, approximately 9% of our trade dispute decisions and 1% of our adjudications decisions have been appealed further to the courts. Of these, the courts upheld CBSA's administrative decisions or the appellant withdrew their appeal in 53% of all decisions rendered during the 2005-2006 fiscal year. Figure 2.3 shows the outcome of appeals to the Canadian International Trade Tribunal and the courts over a three-year period.

Figure 2.3 - Outcome of CITT and Court Cases Over a 3-Year Period



Policy Review

In 2005-2006, the Agency initiated various program and policy reviews under the Movement of Goods Framework to ensure that its commercial programs were still relevant and aligned with the new mandate of the CBSA and the future direction for the movement of goods. As part of these policy and program reviews, the Commercial Direction Initiative was launched.

Through the Commercial Direction Initiative, a comprehensive and interactive commercial process model was created to help define our current and future processes and to identify gaps within these processes. The model provided a detailed illustration of import and export movements and will be used as a mechanism for the development of policies, programs and processes in the future.

Integrated Redress Strategy

In 2005-2006, the CBSA continued its review of all redress mechanisms with the goal of developing an integrated redress strategy. During the reporting period, the CBSA finalized the development of its redress strategy by identifying opportunities to incorporate redress responsibilities under a single framework. All redress responsibilities for the review of disputes of enforcement actions under the *Agriculture and Agri-Food Monetary Penalties Act* at the administrative review tribunal and Court levels were integrated into the recourse framework.

Lastly, in 2005-2006, the Agency finalized the integration of the management of reviews of public complaints to the Canadian Human Rights Commission under this strategy. This effectively allowed for a single window within the CBSA for dealing with the Commission and complaints.

Additional Accomplishments in 2005-2006

Canada-U.S. Safe Third Country Agreement

The Canada-U.S. Safe Third Country Agreement (STCA) came into effect on December 29, 2004. The STCA enhances the ability of both governments to manage, in an orderly fashion, refugee claims made by persons at ports of entry (POE) along the shared land border. Under the STCA, refugee claimants must seek protection in whichever country they first have an opportunity to do so unless they qualify for an exception.

In 2005, Canada received a total of 4,033[10] claims for refugee protection at the Canada-U.S. port of entry. Of these claims, 7.5% were determined not to be eligible, as these claimants did not qualify for an exception under the STCA. Refugee intake at the land border in 2005 showed a decrease of 55% compared to the intake during the same period in 2004.

Reducing Transit Times Across the Windsor-Detroit Gateway

As part of the Security and Prosperity Partnership of North America initiative, the CBSA was challenged to reduce transit time across the Windsor-Detroit Gateway by 25% over 2005-2006.

[10] Based on the 2005 calendar year.

In 2005-2006, transit times across the Windsor-Detroit Gateway were reduced and the 25% target reduction was exceeded. This success was achieved by working with partners in the U.S. and Canada to improve traffic flows by enhancing infrastructure, hiring 30 additional border services officers, and encouraging increased participation in the FAST and NEXUS programs.

Land Preclearance

In alignment with our objective to push the borders out, the CBSA has been working toward the development of an integrated approach to improve security and facilitate trade through away-from-the-border processing for truck and rail cargo, including the railway crews. Land Preclearance is one means by which the Agency hopes to achieve this objective. This option allows federal inspection services of one country to conduct their operations in another country. An example of this would be the shared facility on either side of the border housing both Canadian and American customs and immigration services.

Continuing to follow through on our commitments in the context of the Security and Prosperity Partnership, two Land Preclearance pilot sites have been chosen. The CBSA continues to negotiate with the U.S. on the details of this initiative and hopes to conclude an agreement with them in the Fall of 2006.

Program Activity: Science and Technology-based Innovation

The goal of the Science and Technology-based Innovation program activity is to support efficient and effective border management and to protect Canadians from existing risk and emerging threats through the design, development, implementation, delivery, and maintenance of cost-effective technology and science solutions in partnership with other program activities.

Financial Resources ($ Thousands):

Planned Spending	Total Authorities	Actual Spending
81,808	201,850	200,841

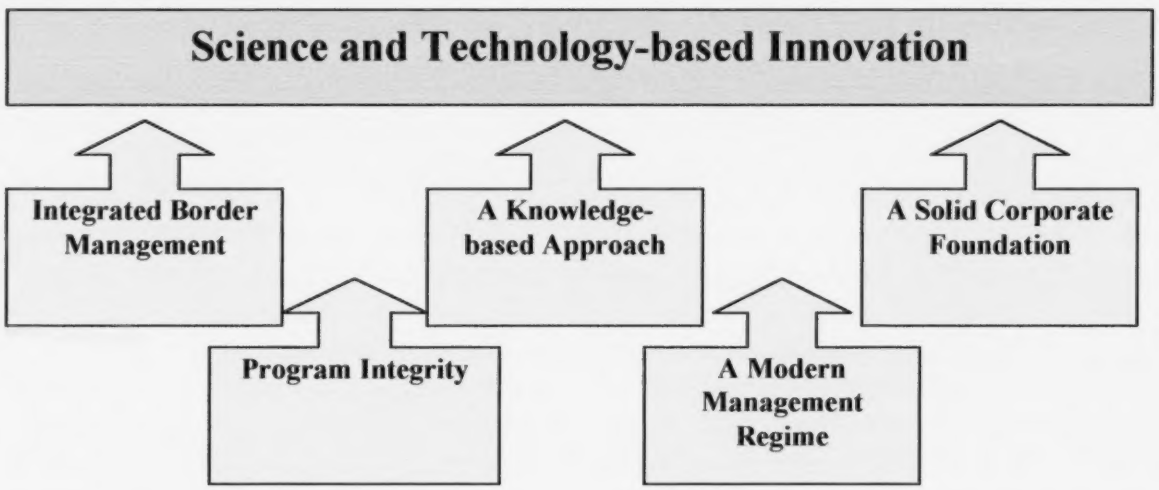
Human Resources (FTEs):

Planned	Actual	Difference
468	1,178	(710)

Explanation of differences: The $120 million difference between Planned Spending and Total Authorities is mainly attributable to the combination of the following factors:

- Technical readjustment made to reallocate funds among Program Activities related to:
  - Public Security and Anti-Terrorism/Smart Border initiatives;
  - Our operational capacity to improve border security by strengthening our presence at the border and to build a solid foundation for the new Agency; and,
  - Public Security initiatives, more specifically the Container Security and Marine Security initiatives. Additional information on the Container Security Initiative can be found under the Security Program Activity.
- Compensation for collective agreements to reflect negotiated and concluded agreements.

The Science and Technology-based Innovation program activity is supported by the following departmental priorities:



Meeting our 2005-2006 Priorities and Commitments

Performance Summary of the Science and Technology-based Innovation Program Activity

The Science and Technology-based Innovation program activity aims to promote an effective, efficient and innovative approach to border management through the application of systems and science-based solutions. Last year, our systems availability was nearly 100%. We tested, deployed and enhanced several initiatives to help better move low-risk people and goods across the border quickly. There is significant interest in all our trusted traveller programs and membership continues to increase. Enrolment in one program has grown and our efforts in innovation and technology have been recognized externally.

Systems/Science Solutions

In 2005-2006, the Agency was responsible for the maintenance of 51 critical and 47 other applications, many of which provide systems support to CBSA officers and allow the public to access CBSA services. Throughout the performance period, the CBSA continued to deliver on plans to connect previously unconnected remote sites using satellite connectivity, and to improve connectivity at other sites as required. Twenty-seven sites were connected or received enhanced connectivity in 2005-2006 under the Connecting the Unconnected Project.

All of the CBSA's systems continue to operate with a high degree of availability. In 2005-2006, the CBSA maintained systems availability in excess of 99%.

During 2005-2006, we continued to develop, evaluate and deploy scientific solutions to maximize the effectiveness of screening hazardous or illicit materials at our ports of entry. Dual-mode (Narcotics/Explosives) detection systems were deployed at 30 locations.

NEXUS Air Pilot

NEXUS Air is a bi-national program developed jointly by the CBSA and the United States Customs and Border Protection. Using iris biometric technology, NEXUS Air is an alternate primary inspection process that expedites secure passage into Canada and the U.S. for low-risk, frequent air travellers. The NEXUS Air pilot was implemented at the Vancouver International Airport from November 30, 2004 to April 2006. The initial membership goal of 3,000 clients was exceeded by 22% within seven months of operation. Pilot project members found the iris recognition technology efficient and easy to use.

A formative evaluation of the NEXUS Air pilot was completed in 2005-2006. Provided that funding can be identified and/or secured, the report recommended the expansion of NEXUS Air to other Canadian international airports housing U.S. Preclearance facilities.

NEXUS Highway: 2005-2006

NEXUS Highway is a bi-national initiative of the CBSA and United States Customs and Border Protection (CBP). This program allows low-risk participants to use dedicated lanes at land border crossings to simplify crossings and reduce border wait times.

- NEXUS Highway receives the Association of Professional Executives (APEX) Award: *APEX Leadership in Service Innovation Award* and is recognized as a model for intergovernmental cooperation.

- NEXUS Highway: As of March 2006, there were over 93,400 participants enrolled at 11 high-volume land border-crossing locations across Canada. The NEXUS enrolment base is growing by 20,000 members each year.

Additional Accomplishments in 2005-2006

Radiation Detection Equipment

The Radiation Detection Project, an initiative to enhance the safety of Canada, including port of entry workers and critical infrastructure in and around border points, is another means by which the CBSA aims to combat terrorism and safeguard trade.

In 2005-2006, the CBSA began the deployment of a fully automated, stand-alone Radiation Detection Network Portal capable of screening all containers entering through Canada's major marine ports. Automating the Agency's portal radiation network allows for early and comprehensive screening of inbound cargo in a relatively non-intrusive manner. The CBSA has also worked closely with other law enforcement agencies and with industry stakeholders to ensure a carefully planned screening program is adopted.

In addition to portals, throughout the fiscal year, the CBSA deployed vehicle-mounted (carborne) and hand-held radiation detectors, and provided officers with personal radiation dosimeters in order to detect radiation and protect the health of those officers considered most at risk. As part of facilitating its knowledge-based approach, the CBSA now has the capacity to screen for radioactive materials at critical border points in its highest risk modes.

Free and Secure Trade (FAST)

The Free and Secure Trade (FAST) program is a joint Canada-U.S. initiative involving the CBSA and the United States Customs and Border Protection. The program supports moving low-risk eligible goods across the border quickly, and verifying trade compliance away from the border. This commercial process is offered to low-risk importers, carriers, and registered drivers, and allows shipments for accepted companies, transported by permitted carriers and drivers, to be cleared into either country with greater speed and certainty, and at a reduced cost of compliance.

In 2005-2006, in line with Canada's Security and Prosperity Partnership of North America (SPP) commitments, the CBSA undertook a review of FAST eligibility criteria and program design to identify options for more closely aligning them with the United States requirements for carriers and importers. In response to this requirement, the CBSA completed stakeholder consultations on the need for, and feasibility of, making changes to the FAST program. Recommendations and an Action Plan were developed and presented to the Border Commercial Consultative Committee (BCCC) and key trade associations for review and comments.

FAST Facts

- ✓ FAST clearance is available at 19 sites
- ✓ 10 driver enrolment centres
- ✓ 26 FAST approved importers
- ✓ 602 FAST approved carriers
- ✓ 65,745 FAST approved drivers

The Rail Export Verification Unit pilot

The Rail Export Verification Unit (REVU) is a pilot project, based in Winnipeg, involving the consolidated export reporting of CN Rail southbound trains. The pilot project that went live in May 2005 has shown promising results. Client services to CN Rail and their customers have been improved due to the use of the REVU automated processing system. CN Rail export train delays at the eight border crossings they use have also been eliminated.

DID YOU KNOW?

- ❖ The CBSA was awarded five gold medals at the 2005 GTEC (Government in Technology) exhibition. The GTEC Distinction Awards Program is a premier event that formally recognizes and celebrates leadership, innovation and excellence in enabling and managing e-government across all levels of government within the public sector in Canada. The CBSA won these medals for:
  - Innovative Service Delivery to Citizens and Businesses;
  - Implementing Medium to Large IT Projects;
  - Career Achievement for Leadership in E-Government;
  - Supporting IM/IT Operations; and
  - Enabling E-Government in Canada.

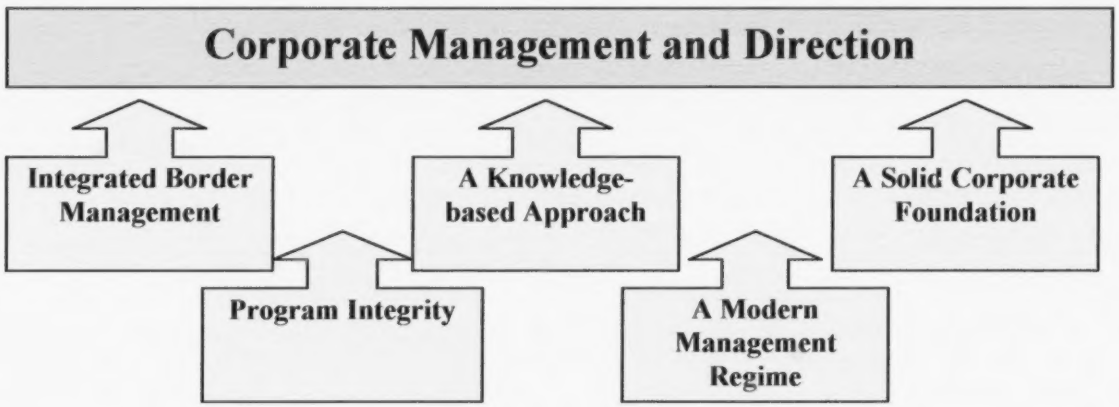
- ❖ CBSA received Public Service Awards of Excellence in the categories of: Outstanding Career, Innovation, and Excellence in Citizen-focused Service Delivery in 2005-2006.

Program Activity: Corporate Management and Direction

The Corporate Management and Direction program activity supports the CBSA's ability to manage our operations strategically, fulfill our mandate, meet the expectations of parliamentarians and Canadians, and achieve our strategic outcome.

Through this program activity, the CBSA continues to work towards building solid governance structures, integrating corporate functions and systems, addressing human resource issues, and establishing a governance structure related to a common financial system.

The Corporate Management and Direction program activity supports all the CBSA departmental priorities by maximizing and supporting the performance of our front-line through corporate direction, legal services, human resources management, and sound comptrollership – all of which are put in place to support and manage the CBSA efficiently and effectively.



Meeting our 2005-2006 Priorities and Commitments

Performance Summary of the Corporate Management and Direction Program Activity

The Corporate Management and Direction program activity focuses on the strategic direction and framework for the CBSA, and its relevant components. Considerable time and effort has been dedicated to a wide range of activities in support of this program activity since the Agency's creation in December 2003. A number of advances were made in 2005-2006 including the establishment of the *Canada Border Services Agency Act*, the reviewing and tailoring of corporate policies for the CBSA environment, modernization of our human resources management regime, and setting up the appropriate governance and accountability structures.

Port of Entry Vision

The Port of Entry Vision is an initiative to improve border security and facilitation through integration of the legacy organizations. Components of this initiative include a standard level CBSA officer job, integrated border management, and a support and systems structure. The Port of Entry Vision allows us to provide one face at the border while continuing to apply the principles of risk management and a multiple borders approach to border management.

As part of the Port of Entry Vision, throughout 2005-2006, the CBSA consulted with employees, management, and operational areas to initiate and design a fully integrated induction-training program that supports the vision. Port of Entry Recruit Training Program (POERT) pilot sessions began at the CBSA Learning Center in Rigaud, QC in mid-2005-2006. These sessions provide recruits a cross-program training environment, integrating aspects of border services functions related to food, plant and animal inspection, immigration and customs.

Training modules were implemented for existing employees on identifying chemical, biological, radiological, and nuclear and explosives threats, using contraband detection tools, and training detector dog handlers and dogs to identify food, plant and animal risks. Cross-training of existing employees commenced in Fall 2005 and a fully integrated and cross-trained team of more than 20 officers has been in place at the Vancouver airport since Spring 2006. All border services officers are now recruited into a common job description.

Border Services Classification Reform – Frontière/Border Standard

When the Agency was formed, it was recognized that existing classification standards did not properly address certain work in the CBSA that was unique to the Agency. Consequently, it was agreed that a new classification standard – the Frontière/Border Standard – would be developed to classify this type of work.

The CBSA contributed to this initiative in 2005-2006 as part of the government's wider classification modernization plan. By Fall 2005, the CBSA had completed the development of the Frontière/Border Standard for classification of the majority of its workforce categorized within the Program Administration (PM) group. Treasury Board Ministers approved the Standard in December 2005, and work continued on reviewing the organizational structure and job descriptions within the Agency that would be converted to the Frontière/Border Standard. Since that time, the CBSA has also completed the transition and reclassification of managers from the former Canada Customs and Revenue Agency who belonged to the Management/Gestion (MG) and Senior Management (SM) groups. The integration of employees from a separate employer into a Treasury Board classification system required considerable negotiation and communication with union and government representatives within tight timeframes.

Most of the work has now been completed with respect to job grouping, and organizational structures are to be completed shortly. An evaluation of the jobs destined for the Frontière/Border Standard is expected to take place in the Fall 2006.

Implementation of the *Public Service Modernization Act*

In implementing the *Public Service Modernization Act*, the CBSA built upon its unique legacy experience, knowledge and innovation in public service human resources management to align the CBSA's new human resources regime within the modern public service framework.

In 2005-2006, the CBSA submitted a business case requesting funding from the *Public Service Modernization Act* Strategic Investment Fund to support implementation of the new legislation. The business case included detailed project plans for the implementation of the new *Public*

Service Employment Act and the new *Public Service Labour Relations Act* (PSLRA), including the development and implementation of an Informal Conflict Management System, a requirement of the PSLRA. The request was approved and the funds were used for policy development and implementation, and for the development and delivery of a wide variety of training related to the new legislation.

***Public Service Employment Act* Implementation**

The CBSA developed an approved suite of human resources policies in consultation with management, human resources professionals and union representatives. In addition, to establish a staffing accountability framework, prior to the coming into force of the *Public Service Employment Act*, the President signed the Appointment Delegation and Accountability Instrument with the Public Service Commission, and approved an instrument of sub-delegation for certain managers. Over 85% of the CBSA's managers had received training and were prepared to exercise the sub-delegated authorities when the *Public Service Employment Act* came into force on December 31, 2005. Finally, all human resources professionals received training on the new legislation and 87% of Human Resources professionals passed the Appointment Framework Knowledge Test.

***Public Service Labour Relations Act* Implementation**

In response to the coming into force of the *Public Service Modernization Act*, the CBSA made appropriate changes to its accountability structures. Part of these revisions included the CBSA adopting new grievance procedures and labour management consultation terms of reference that provide for clearer lines of authority and responsibility.

In the spirit of the *Public Service Labour Relations Act* implementation, the CBSA and unions have worked jointly to establish a National Labour-Management Consultation Committee that has facilitated discussions and the exchange of information between senior management representatives and union executives.

In order to meet the requirements of the *Public Service Labour Relations Act*, in 2005-2006, the CBSA established an Informal Conflict Management System (ICMS). The goals of ICMS are to identify and resolve conflicts informally and at the earliest stage possible, thereby helping to foster a healthy and productive workplace. The system puts emphasis on conflict prevention measures and dispute resolution methods that are based on the mutual interests of parties and on redress mechanisms that reflect the rights of the parties. A national ICMS coordinator and regional ICMS advisors/coordinators were put in place. The CBSA also established the Internal Mediator Network. To date, 20 CBSA employees have attended the mediator training. ICMS facilitators were trained in each region and awareness sessions were offered to employees.

Establishing a staffing accountability framework with the Public Service Commission

In 2005-2006, the Public Service Commission conducted its second review of the CBSA to determine whether the Agency met the requirements of the Staffing Management Accountability Framework.

Among the highlights of accomplishments made throughout the fiscal year were: the provision of training to human resources specialists on the new *Public Service Employment Act*, all Vice-Presidents receiving their staffing sub-delegation authorities following training in December 2005, and involving the unions in the consultation and policy development process.

However, the Public Service Commission report also stated "although the Agency has made great strides on several fronts since its inception, challenges also remain in several areas such as: human resource planning and staffing strategies aligned to its organizational priorities, communication plans and strategies; and the integration of its Information Technology (IT) Systems, especially with regard to tracking and assuring data integrity as it pertains to controls and monitoring." The CBSA is committed to addressing these concerns in 2006-2007.

Human Resources Planning

In 2005-2006, the Agency began building the foundation for a Human Resources Planning (HRP) process. Two training sessions on Human Resources Planning were delivered in late fall and early spring to all CBSA Human Resources advisors. To lay the groundwork for human resources planning across the CBSA, a Human Resources Planning Guide and Toolkit was developed for managers and Human Resources advisors and was distributed in January 2006. Human Resources planners also participate in the CBSA's internal Planning Network, allowing for the integration of Human Resources planning with strategic business planning.

While challenges still exist in the area of demographics, in 2005-2006 we initiated a cleanup of the Human Resources data in the Corporate Administrative System (CAS) in order to improve data integrity. This allowed us to begin producing basic demographic reports for our clients. As the cleanup is completed and the demographics section strengthened, we will be able to provide the Agency with more complex demographic reports, such as information regarding retirement projections and linguistic profiles.

Business Continuity

Throughout 2005-2006, many important steps were taken with the goal of ensuring business continuity within the CBSA. Specifically, the Business Continuity Plans carried over to the CBSA from the three legacy organizations were reviewed and updated. In addition, and in accordance with the Government Security Policy, work began in January 2006 to establish a Business Continuity Planning Program within the CBSA.

Harmonization and integration of financial, human resources, and administrative policies, practices and systems

In 2005-2006, the CBSA continued to advance the Government's accountability agenda by ensuring that governance regimes were in place to manage and control the CBSA's resources and demonstrate value for money.

The Finance and Administration organizational structure and capacity in the regions were reviewed. The new structure will achieve a consistent level of service in all regions for proper stewardship and control of resources.

Harmonization and integration of programs

The CBSA/Citizenship and Immigration Canada Memorandum of Understanding was signed on March 27, 2006. This Memorandum of Understanding formalized the relationship between Citizenship and Immigration Canada and the CBSA, and defined how the two organizations were to jointly administer the *Immigration and Refugee Protection Act*. In addition, the Memorandum of Understanding set out, in general terms, the basis for cooperation between Citizenship and Immigration Canada and the CBSA regarding: the delivery of the immigration program, information-sharing, and the provision of various services.

Systems Integration

A consolidated financial and human resources system was put in place during 2005-2006. Through our shared services arrangement with the Canada Revenue Agency, fully implemented in April 2005, we integrated the financial and human resources systems of CBSA's legacy organizations (Canada Customs and Revenue Agency, Canadian Food Inspection Agency, and Citizenship and Immigration Canada) into a single Corporate Administration System (CAS). This enterprise system supports our internal and external reporting requirements related to human resources and financial performance, and provides decision-making support to management at all levels throughout the CBSA.

Contracts and Financial Management

In 2005-2006, the review of all corporate policies related to comptrollership, including financial management, was initiated to ensure that policies are integrated and harmonized and that they are in accordance with central agency policies and regulations. Departmental contracting policies were developed and related training provided.

The Agency's Public Accounts and Financial Statements were also completed in 2005-2006, and filed in accordance with the Receiver General timelines. Previously, these were completed by the Canada Revenue Agency on behalf of the CBSA.

Real Property

Throughout the fiscal year, working with Public Works and Government Services Canada (PWGSC), the CBSA started consolidating the office space inherited from three legacy organizations: Canada Customs and Revenue Agency, Canadian Food Inspection Agency and Citizenship and Immigration Canada. With the Royal Assent of the *Canada Border Services Agency Act*, and in accordance with applicable Treasury Board policies, the transfer of the administration of real property at the land borders from Canada Revenue Agency to CBSA was completed. The CBSA and PWGSC continue to harmonize their holdings of real property consistent with their respective program responsibilities.

Infrastructure

CBSA also embarked on a number of projects aimed at replacing and modernizing infrastructure at land borders and to increase the infrastructure's capacity to meet the increasing demands for border services at these locations. During 2005-2006, redevelopment projects were completed at

both Armstrong and Clarenceville in the province of Quebec. In addition, port redevelopment projects were commenced at Douglas and Cascade in the province of British Columbia and at Andover in the province of New Brunswick.

Additional Accomplishments in 2005-2006

The *Canada Border Services Agency Act*

Bill C-26, *An Act to Establish the Canada Border Services Agency,* received Royal Assent on November 3, 2005. The Act formally established the CBSA as a corporate body and defines its mandate, powers and authorities. It also includes amendments to various statutes to reflect changes brought about by the creation of the CBSA. The Act builds upon Bill C-6, which provided the legislative framework for the Department of Public Safety and Emergency Preparedness Canada. The passage of this legislation is an important milestone for the CBSA as it continues to provide superior, seamless service to Canadians.

Establishing and Advancing Partnerships

International conventions and agreements are critical to how the CBSA works toward a secure border of the future. To ensure consistency and coherence in the CBSA's international activities, the CBSA adopted an International Strategic Framework in 2005-2006 that clarified CBSA's international priorities and outlined international partnerships in addition to those with the United States and Mexico. We shared our Integrated Strategic Framework with our partners, Citizenship and Immigration Canada and the Immigration and Refugee Board, to promote continued coherence of our approaches in our international work. The guidance and focus provided within the International Strategic Framework for the CBSA's international efforts were instrumental in advancing our objective of enhanced border management in a focused manner.

Working cooperatively with Citizenship and Immigration Canada and Passport Canada, the CBSA – as chair of the Migration Experts Sub-Group – also contributed to a number of G8 initiatives concerning the issuance of travel and identification documents and fraudulent document reporting. The CBSA contributed to the development of strategies and best practices documents, as well as projects that focus on improving the exchange of information on issues such as human trafficking, travel document fraud and lost/stolen documents. The CBSA was also part of the annual intelligence-led interdiction exercise that targets the misuse of specific passports.

Job Hazard Analysis and Hiring Additional Officers (Budget 2005 Funding)

The CBSA is committed to assuring a healthy and safe workplace for its employees. In 2005-2006, using funding announced in the Budget 2005, implementation of some recommendations of the Job Hazard Analysis began, including recommendations in the area of policies, procedures, officer training, and provision of protective and uniform equipment. This included the use of force training to all designated border services officers and the issuance of bulletproof vests, batons, handcuffs and Oleoresin Capsicum spray to front-line officers.

In 2005-2006, as part of the Job Hazard Analysis initiative, work began on the development of a radio strategy to improve communication specifically at land borders and isolated posts. Over 1,000 radios and related equipment were purchased in support of regular Agency operations and to respond to Job Hazard Analysis recommendations for safe and reliable communications equipment. Part of this strategy included a goal to improve computer connectivity to ensure timely access to CBSA databases by the use of modern and efficient technology such as satellite communication. Implementing parts of this strategy has already improved the security of our officers by providing them with real-time accessibility, and has strengthened our capacity to effectively interdict contraband and deny inadmissible persons entry into Canada.

The additional funding also enabled the CBSA to improve service delivery to the public by hiring approximately 150 staff to ensure the continued fast and efficient flow of people and goods at key border locations, while at the same time protecting the safety and security of Canadians.

Finally, additional resources were invested to develop and maintain information technology systems and hire staff to enhance service delivery in the area of human resources, finance, administration, and the security of systems, information and physical security.

Health and Safety

During 2005-2006, as part of its strong commitment to provide a healthy and safe workplace for all employees, the CBSA's Occupational Health and Safety intranet site was launched to provide employees with one central location to access up-to-date tools and information related to health and safety in the workplace.

A-Base Review

The three-year A-Base Review, mandated by the Treasury Board, is intended to provide an independent and comprehensive perspective on the CBSA and its capacity to discharge its mandate. The CBSA committed to report to Treasury Board Ministers and central agencies, by Fall 2007, on the results of the A-Base Review, including CBSA's management and control frameworks and its capacity to discharge its mandate.

Internal Audit

In 2005-2006, the internal audit function was supported through the allocation of incremental funding to assist in the delivery of the Agency's three-year risk-based internal audit plan. The Internal Audit Directorate conducted five audit projects in the last fiscal year. Those audits provided independent and objective information to senior management as well as assurance that programs and systems were working as intended. This information was used for decision-making and reporting and provided an assessment of the compliance of our policies and programs.

Evaluation Plan

A multi-year risk-based evaluation plan was developed and implemented in 2005-2006. The purpose of the risk-based evaluation plan is to ensure that evaluation activities are strategically integrated into the Agency's overall management activities and that resources allocated to

evaluation activities provide the greatest value-added to the organization. For example, well-timed evaluation activities would be of great benefit for projects or areas within the CBSA that are considered to be high-risk. In 2005-2006, two evaluations were completed and five others are planned and scheduled to be completed in 2006-2007.

Governance and Accountability Structures

By clearly defining the roles and responsibilities of both its executives and senior-level managers, the CBSA's governance structure ensures that decision-making integrates business and strategic planning. In May 2005, the Treasury Board portfolio recognized CBSA for the improved effectiveness in 2005-2006 of its planning function.

In 2005-2006, CBSA launched a number of initiatives and mechanisms to enhance governance and accountability. The development of a management control framework was initiated in 2005-2006 for implementation in 2007-2008. This framework will integrate management control objectives related to organizational accountability, risk management and processes with a broad range of objectives.

During 2005-2006, the CBSA launched an initiative to develop a replacement system for its human resources, finance and administrative requirements. CBSA currently shares a system with the Canada Revenue Agency and this initiative is being implemented to create a separate system for the CBSA. This will allow the Agency to move forward with system changes needed to complement its own operational requirements.

The CBSA also developed and implemented the Major Project Governance Framework to manage its major initiatives. This included standardizing processes and introducing a corporate structure comprising organizational committees and a project management office to assume project oversight responsibilities. The framework meets the requirements of the Treasury Board of Canada Secretariat's project management policy by emphasizing decision-making, accountability, communication, consultation and involvement of stakeholders throughout the project or initiative's life cycle.

Corporate Statistics Function

During 2005-2006, a Corporate Statistics function was established to be a single point of contact for CBSA's senior management for access to timely and quality-assured information on CBSA's key activities. Introducing the corporate statistics function further supports an increased evidence-led approach to decision-making. The CBSA produced its first quarterly report for the fourth quarter in 2005-2006.

Corporate Planning and Performance Indicators

Concrete results of the improvement in corporate planning throughout 2005-2006 include the development of the CBSA's first three-year strategic plan, as well as significant progress in the development of operational plans that are aligned with the Agency's priorities and linked to individual executive performance management agreements.

During 2005-2006, the CBSA continued to integrate into its decision-making processes the results of evaluations, internal audits, human resources and financial information.

Progress was made in 2005-2006 towards the development of measurable, relevant and clear results statements and performance indicators for the CBSA's Program Activity Architecture, three-year strategic plan, and branch operational plans.

Results-based Management and Accountability Frameworks

Results-based Management and Accountability Frameworks have been developed as a performance management tool to ensure the monitoring, assessment and communication of program, policy or initiative results. During 2005-2006, the CBSA established a Results-based Management Framework function to respond to the need to build the Agency's results-based management capacities.

To date, two Results-based Management Frameworks have been completed, six are currently near completion and another 10 are in progress.

Specialized Training and Learning

In 2005-2006, the CBSA developed and implemented a range of innovative and specialized training programs. These training programs included courses in the use of detection technology, such as the Vehicle and Cargo Inspection System (VACIS™) units and Ion Scanners, and courses in proper examination of a wide variety of land, sea and air conveyances. In 2005-2006, more than 700 enforcement-related courses were delivered to approximately 7,000 participants.

Retraining and cross-training for front-line border services officers were also provided in 2005-2006 and recertification (i.e., for the use of force) was completed. The "Use of Force Skills Maintenance Course" was delivered on 378 separate occasions to different groups. In addition, 70 courses on customs, 73 courses on immigration, and 56 courses related to food, plant and animal inspection were also provided on separate occasions throughout the fiscal year.

Throughout 2005-2006, the CBSA implemented a unique training kit for food, plant and animal cross-training. The food, plant and animal cross-training courses were provided to border services officers to allow for an easier transition into the types of activities that they would be performing in the field. Such training has further enabled border services officers to make better risk management decisions when performing their day-to-day activities.

The CBSA also utilized e-learning solutions for a variety of key training sessions throughout 2005-2006. For example, the Agency developed e-learning courses to meet the needs of a wide and diverse audience for both technical training products (NEXUS Highway) and interpersonal and cultural learning (Diversity).

In 2005-2006, the CBSA arranged for a blanket subscription for all employees to access the wide variety of e-learning products available through CampusDirect at no cost to the employee or their department.

Bilingualism in CBSA

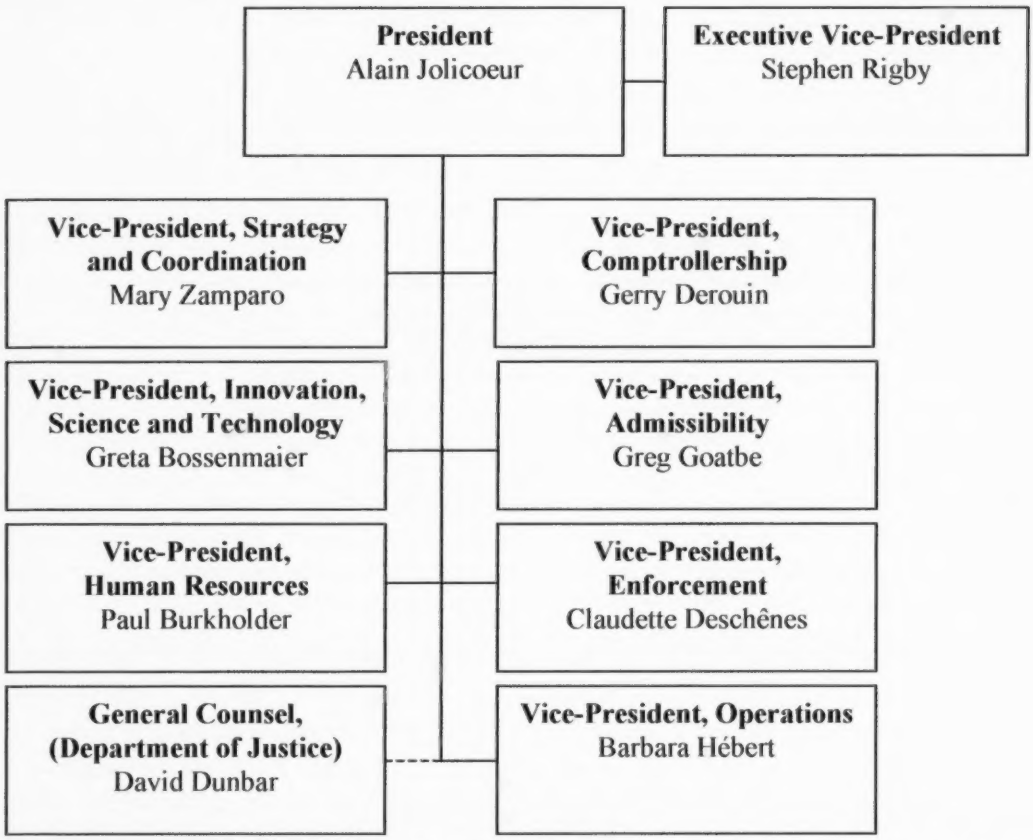
Following a number of audits assessing the Agency's level of compliance with the *Official Languages Act*, several meetings and discussions occurred between the CBSA and central agencies, resulting in formal action plans being signed with Public Service Human Resources Management Agency of Canada and the Office of the Commissioner of Official Languages. To satisfy the commitments made in these actions plans and to create a work environment that recognizes the value of linguistic duality, the Agency created a separate Official Languages Division in December 2005 and an Official Languages Strategic Road Map was developed and approved. The Road Map is based on four pillars: policy development, monitoring, education/awareness and language training.

Employment Equity and Diversity

In November 2005, the Agency conducted its first Workforce Identification Campaign to determine the representation levels of the four employment equity groups within CBSA. The survey was a voluntary, self-identification format and achieved a successful response rate of over 80%. The survey results will allow us to identify where there are gaps between labour market availability and employee representation, information crucial for the development of a comprehensive strategy to ensure the Agency workforce is reflective of our diverse Canadian society.

SECTION III – SUPPLEMENTARY INFORMATION

Organizational Information



The CBSA is organized into seven branches, each headed by a Vice-President who reports directly to the President. The Executive Vice-President provides support to the President, concentrating on the leadership of the Agency's program and operational management, as well as the management of financial resources and comptrollership.

Operations are delivered in eight regions: Atlantic, Quebec, Northern Ontario, Greater Toronto Area, Windsor/St. Clair, Niagara Falls/Fort Erie, Prairies and Pacific. CBSA officers are also located in 39 points abroad. The Admissibility and Enforcement Branches develop the programs and policies that the Operations Branch delivers. The Innovation, Science and Technology Branch works with these branches to ensure that we maximize our capacity to support effective and efficient operations. Underpinning all our policy, program and operational work are the critical strategic and enabling functions that span Strategy and Coordination, Human Resources, and Comptrollership Branches. The CBSA works closely with its Department of Justice Legal Services Unit to ensure that CBSA operations, service delivery, policy development, corporate direction and management are legally supportable.

This structure was chosen to encourage strong internal synergies among all program areas and to support clear accountability for all functions.

Table 1: Comparison of Planned to Actual Spending (incl. FTE)

(thousands of dollars)	2003–04 Actual	2004–05 Actual	2005–2006			
			Main Estimates	Planned Spending	Total Authorities	Total Actuals
Business Line						
Border Operations[11]	944,795					
Program Activity						
Security		256,576	321,482	390,643	313,798	300,599
Access		719,640	641,924	665,121	711,854	682,349
Science and Technology-based Innovation[12]		100,338	70,448	81,808	201,850	200,841
Less:						
Respendable Revenue	(9,753)	(15,464)	(12,110)	(12,110)	(14,938)	(14,938)
Total	**935,042**	**1,061,090**	**1,021,744**	**1,125,462**	**1,212,564**	**1,168,851**
Less: Non-Respendable revenue	(36,826)	(31,231)		(23,145)		(44,382)
Plus: Cost of services received without charge	99,110	103,853		97,362		111,685
Net cost of Department	**997,326**	**1,133,712**		**1,199,679**		**1,236,154**

Full Time Equivalents	**10,497**	**10,758**		**12,311**		**12,077**

[11] In light of the timing of the Agency's creation (December 12, 2003), the CBSA operated and reported its actual expenditures under a single business line, Border Operations, in fiscal year 2003-2004.

[12] The Agency is currently conducting a review of the Program Activity allocation and will be making an adjustment in the upcoming 2007-2008 Main Estimates.

Table 2: Resources by Program Activity

2005-2006					
	Budgetary (thousands of dollars)				
Program Activity	Operating	Capital[13]	Total: Gross Expenditures	Less: Respendable Revenue	Total
Security					
Main Estimates	316,579	4,903	321,482	0	321,482
Planned Spending	385,740	4,903	390,643	0	390,643
Total Authorities	309,395	4,403	313,798	0	313,798
Actual Spending	*296,245*	*4,354*	*300,599*	*0*	*300,599*
Access					
Main Estimates	614,530	27,394	641,924	(12,110)	629,814
Planned Spending	637,727	27,394	665,121	(12,110)	653,011
Total Authorities	684,940	26,914	711,854	(14,938)	696,916
Actual Spending	*669,548*	*12,801*	*682,349*	*(14,938)*	*667,411*
Science and Technology-based Innovation[14]					
Main Estimates	70,448	0	70,448	0	70,448
Planned Spending	81,808	0	81,808	0	81,808
Total Authorities	200,870	980	201,850	0	201,850
Actual Spending	*199,880*	*961*	*200,841*	*0*	*200,841*

[13] Totals may not add due to rounding.

[14] The Agency is currently conducting a review of the Program Activity allocation and will be making an adjustment in the upcoming 2007-2008 Main Estimates.

Table 3: Voted and Statutory Items

Vote or Statutory Item	Truncated Vote or Statutory Wording	2005–2006 (thousands of dollars)			
		Main Estimates	Planned Spending	Total Authorities	Total Actuals
10	Operating expenditures	863,931	967,649	1,043,931	1,014,488
15	Capital expenditures	32,297	32,297	32,297	18,117
(S)	Contributions to employee benefit plans	125,516	125,516	136,082	136,082
(S)	Spending of proceeds from the disposal of surplus Crown assets			239	149
(S)	Refunds of amounts credited to revenues in previous years			15	15
	Total	**1,021,744**	**1,125,462**	**1,212,564**	**1,168,851**

Explanation of differences:

The $87 million difference between Planned Spending and Total Authorities is mainly attributable to adjustments after the tabling of the Report on Plans and Priorities including:

- The Operating Budget Carry-forward: $34 million;
- Compensation for collective agreements to reflect negotiated and concluded agreements: $35 million; and,
- Public Security initiatives, more specifically, the Container Security Marine Security and Border Modernization initiatives: $18 million.

The $44 million difference between Total Authorities and Actual Spending is mainly the result of:

- $30 million as a net operating lapse (see Program Activity pages); and
- $14 million lapse in the capital vote due to delays in the construction of capital projects at Douglas, BC; Stanstead, QC; Andover, NB; and Cascade, BC.

Table 4: Services Received Without Charge

(thousands of dollars)	2005–2006
Accommodation provided by Public Works and Government Services Canada	49,400
Contributions covering employers' share of employees' insurance premiums and expenditures paid by Treasury Board of Canada Secretariat (excluding revolving funds). Employer's contribution to employees' insured benefits plans and associated expenditures paid by TBS.	58,703
Worker's compensation coverage provided by Social Development Canada	420
Salary and associated expenditures of legal services provided by the Department of Justice Canada	3,162
Total 2005-2006 Services received without charge	**111,685**

Table 5: Sources of Respendable and Non-Respendable Revenue

Respendable Revenue

(thousands of dollars)	Actual 2003-04	Actual 2004-05	2005-2006			
			Main Estimates	Planned Revenue	Total Authorities	Actual
Access						
Sale of Goods and Services	406	1,458	1,780	1,780	1,440	1,440
Lease and Use of Public Property	0	0	285	285	0	0
Services of a Regulatory Nature	3,005	2,821	1,960	1,960	2,604	2,604
Services of a Non-Regulatory Nature	6,468	11,185	8,553	8,553	10,894	10,894
Sub-total	9,879	15,464	12,578	12,578	14,938	14,938
Less: Amounts recovered on behalf of OGDs	(1,063)	0	(468)	(468)	0	0
Total Access	**8,816**	**15,464**	**12,110**	**12,110**	**14,938**	**14,938**
Science and Technology-based Innovation						
Sale of Goods and Services	936	0	0	0	0	0
Total Science and Technology-based Innovation	**936**	**0**	**0**	**0**	**0**	**0**
Total - Respendable Revenues	**9,753**	**15,464**	**12,110**	**12,110**	**14,938**	**14,938**

Non-Respendable Revenue

(thousands of dollars)	Actual 2003-04	Actual 2004-05	2005-2006			
			Main Estimates	Planned Revenue	Total Authorities	Actual
Security						
Adjustments to Previous Year's Expenditures	*141*	*1,461*	*141*	*141*	*4,689*	*4,689*
Sale of Goods and Services						

(thousands of dollars)	Actual 2003-04	Actual 2004-05	2005-2006 Main Estimates	Planned Revenue	Total Authorities	Actual
Service of a Regulatory Nature		2,565			2,783	2,783
Services of a Non-Regulatory Nature		424			898	898
Sale of Goods and Services Total		*2,989*			*3,681*	*3,681*
Miscellaneous						
GST/HST, Customs Import Duties, Excise and Air Travellers Security Charge	24,634	2,646	6,022	6,022	3,251	3,251
Sundries						
Court Fines	755	1,486	777	777	1,717	1,717
Customs Seizures			150	150	10	10
Investigations Seizures	2,203	2,892	6,473	6,473	716	716
Port Seizures	4,033	7,107	9,522	9,522	8,054	8,054
Interest and Penalties		209			16,282	16,282
Other	60	11,551	60	60	5,230	5,230
Miscellaneous Total	*31,685*	*25,891*	*23,004*	*23,004*	*35,260*	*35,260*
Total Security	**31,826**	**30,341**	**23,145**	**23,145**	**43,630**	**43,630**
Access						
Sale of Goods and Services						
Rights and Privileges	1,051					
Services of a Regulatory Nature	838					
Services of a Non-Regulatory Nature	3,047					
Public Building and Property Rental	64	380			363	363
Total Access	**5,000**	**380**			**363**	**363**
Science and Technology-based Innovation						
Sale of Goods and Services – Rights and Privileges						
IonScan Royalties		510			389	389
Total Science and Technology-based Innovation		**510**			**389**	**389**
Total Non-Respendable Revenue	**36,826**	**31,231**	**23,145**	**23,145**	**44,382**	**44,382**

Table 6: Resource Requirements by Branch/Sector

($ Thousands)

2005-2006				
Organization	Security	Access	Science and Technology-based Innovation[15]	Total
Admissibility Branch				
Planned Spending		54,362		54,362
Actual Spending		36,473		36,473
Enforcement Branch				
Planned Spending	78,302	7,184		85,486
Actual Spending	56,892	5,149		62,041
Innovation, Science and Technology Branch				
Planned Spending	6,826	45,447	68,995	121,268
Actual Spending			189,941	189,941
Operations Branch				
Planned Spending	266,788	471,088	7,193	745,069
Actual Spending	217,461	563,628	2,095	783,184
Management Branches				
Planned Spending	38,727	74,930	5,620	119,277
Actual Spending	26,246	62,161	8,805	97,212

[15] The Agency is currently conducting a review of the Program Activity allocation and will be making an adjustment in the upcoming 2007-2008 Main Estimates.

Table 7–A: User Fees Act

A. User Fee	Fee Type	Fee Setting Authority	Date Last Modified	2005-06 Forecast Revenue ($000)	2005-06 Actual Revenue ($000)	2005-06 Full Cost ($000)	2005-06 Performance Standard	2005-06 Performance Results *	Planning Years Fiscal Year	Planning Years Forecast Revenue ($000)	Planning Years Estimated Full Cost ($000)
a. Rights and Privileges											
a.1 Brokers License and Examination Fees	Regulatory	*Customs Act*	1992	397	307	722	Results received 4-6 weeks from date of exam	To be published in 2006/07 DPR.	2006-2007 2007-2008 2008-2009	400 400 400	700 700 700
a.2 Customs Warehouse Fees											
Customs Sufferance Warehouse License Fees	Regulatory	*Customs Act*	1996	600	545	1,473	Application processed in 60 business days		2006-2007 2007-2008 2008-2009	600 600 600	1,500 1,500 1,500
Bonded Warehouse License Fees	Regulatory	Customs Tariff	1996	600	554	1,497	Operator to receive notice of determination within four weeks after an audit or examination		2006-2007 2007-2008 2008-2009	600 600 600	1,500 1,500 1,500
Total Rights and Privileges				**1,597**	**1,406**	**3,692**			**2006-2007** **2007-2008** **2008-2009**	**1,600** **1,600** **1,600**	**3,700** **3,700** **3,700**
b. Services of a Regulatory Nature											
Storage Charges Queen's & Frontier Warehouses	Regulatory	*Customs Act*	1992	400	213	394 *	Goods to be handled with care and stored in a secure manner to safeguard against damage or loss	To be published in 2006/07 DPR.	2006-2007 2007-2008 2008-2009	400 400 400	800 800 800
Customs Special Service Fees	Regulatory	*Customs Act*	1986	400	735	1,157	These regulations are currently under review. Service standards are being developed as part of this review. The review is expected to be completed in 2007-2008.		2006-2007 2007-2008 2008-2009	700 700 700	1,200 1,200 1,200
After Hours Examination	Regulatory	*Immigration Refugee Protection Act*	June 28, 2002	0	1	1			2006-2007 2007-2008 2008-2009	0 0 0	0 0 0
Alternative Means of Examination	Regulatory	*Immigration Refugee Protection Act*	June 28, 2002	400	365	545			2006-2007 2007-2008 2008-2009	400 400 400	600 600 600
CFIA Fees Notice	Regulatory	*Canadian Food Inspection Agency Act*		400	400	872	Requirements set by Canadian Food Inspection Agency.		2006-2007 2007-2008 2008-2009	400 400 400	900 900 900

User Fee	Fee Type	Fee Setting Authority	Date Last Modified	2005-06					Planning Years		
				Forecast Revenue ($000)	Actual Revenue ($000)	Full Cost ($000)	Performance Standard	Performance Results *	Fiscal Year	Forecast Revenue ($000)	Estimated Full Cost ($000)
Total Services of a Regulatory Nature				**1,600**	**1,714**	**2,969**			**2006-2007** **2007-2008** **2008-2009**	**1,900** **1,900** **1,900**	**3,500** **3,500** **3,500**
c. Services of a Non-regulatory Nature											
c.1 Canada/U.S. Border Programs								To be published in 2006/07 DPR.			
NEXUS	Regulatory	*Customs Act*	2002	900	1,045	4,461	Application processed in 6 weeks.		2006-2007 2007-2008 2008-2009	1,000 1,000 1,000	4,500 4,500 4,500
FAST Program	Regulatory	*Customs Act*	2002	1,700	944	3,243	Application processed in 4-6 weeks.		2006-2007 2007-2008 2008-2009	1,000 1,000 1,000	3,200 3,200 3,200
CANPASS Programs	Regulatory	*Customs Act*	June 22, 2006 **	400	933	3,373	Application processed in 4-6 weeks.		2006-2007 2007-2008 2008-2009	900 900 900	3,300 3,300 3,300
c.2 Other programs											
Fees charged for the processing of access requests filed under the *Access to Information Act (ATIA)*	Other products and services	*Access to Information Act*	1992	—	5	5	Response provided within 30 days following receipt of request; the response time may be extended pursuant to section 9 of the ATIA. Notice of extension to be sent within 30 days after receipt of request. The *Access to Information Act* provides fuller details: http://laws.justice.gc.ca/en/A-1/218072.html.		**2006-2007** **2007-2008** **2008-2009**	5 5 5	5 5 5
Total Services of a Non-Regulatory Nature				**3,000**	**2,927**	**11,082**			**2006-2007** **2007-2008** **2008-2009**	**2,905** **2,905** **2,905**	**11,005** **11,005** **11,005**

User Fee	Fee Type	Fee Setting Authority	Date Last Modified	2005-06					Planning Years		
				Forecast Revenue ($000)	Actual Revenue ($000)	Full Cost ($000)	Performance Standard	Performance Results *	Fiscal Year	Forecast Revenue ($000)	Estimated Full Cost ($000)
Sub - Total Regulatory Type Fees				*3,197*	*3,120*	*6,661*			*2006-2007* *2007-2008* *2008-2009*	*3,500* *3,500* *3,500*	*7,200* *7,200* *7,200*
Sub - Total Other Products and Services Type Fees				*3,000*	*2,927*	*11,082*			*2006-2007* *2007-2008* *2008-2009*	*2,905* *2,905* *2,905*	*11,005* *11,005* *11,005*
Total User Fees				**6,197**	**6,047**	**17,743**			**2006-2007** **2007-2008** **2008-2009**	*6,405* *6,405* *6,405*	*18,205* *18,205* *18,205*

* Estimate of total Queen's and Frontier warehouse operational costs, including storage of seized goods. Fees are not intended to recover costs; service is provided for the convenience of clients, fees are to avoid competition with licensed warehouse operators.
** Changes did not affect fee or scope of program, so User Fees Act provisions are not applicable.

Table 7–B: Policy on Service Standards for External Fees

A. External Fee	Service Standard1	Performance Result	Stakeholder Consultation
Brokers License and Examination Fees	Results received 4-6 weeks from date of exam.	To be published in 2006/07 DPR.	Consultation undertaken through the Border Commercial Consultative Committee.
Customs Sufferance Warehouse License Fees	Application processed in 60 business days.		
Bonded Warehouse License Fees	Operator to receive notice of determination within four weeks after an audit or examination.		
Storage Charges Queen's & Frontier Warehouses	Goods to be handled with care and stored in a secure manner to safeguard against damage or loss.		
NEXUS	Application processed in 6 weeks.		Regular surveys of participants are conducted. No significant concerns with fees have been identified.
FAST Program	Application processed in 4-6 weeks.		
CANPASS Programs (Boats, Private and Corporate Aircraft)	Application processed in 4-6 weeks.		
After Hours Examination	These regulations are currently under review. Service standards are being developed as part of this review. The review is expected to be completed in 2007-2008.		Consultation undertaken through the Border Commercial Consultative Committee.
Alternative Means of Examination			
Customs Special Services Fees			
Fees charged for the processing of access requests filed under the *Access to Information Act* (ATIA)	Response provided within 30 days following receipt of request; the response time may be extended pursuant to section 9 of the ATIA. Notice of extension to be sent within 30 days after receipt of request. The *Access to Information Act* provides fuller details: http://laws.justice.gc.ca/en/A-1/218072.html.		The service standard is established by the *Access to Information Act* and the Access to Information Regulations. Consultations with stakeholders were undertaken by the Department of Justice and the Treasury Board Secretariat for amendments done in 1986 and 1992.

Table 8: Details on Project Spending

The real property projects below represent those that exceed the CBSA's delegated project spending approval authority of $1,000,000.

(thousands of dollars)	Current Estimated Total Cost	2003-04 Actual	2004-05 Actual	2005-2006			
				Main Estimates	Planned Spending	Total Authorities	Actual
Projects – Close-Out							
Clarenceville, QC	1,385	100	1,132	123	123	123	125
Osoyoos, BC	18,000	500		5	5	5	3
Projects - Implementation							
Andover, NB	6,445	500	600	4,100	4,100	4,100	264
Cascade, BC	2,700	0	700	1,750	1,750	1,750	227
Douglas, BC	44,000	2,100	3,800	10,160	5,219	10,160	4,209
Emerson, MB	12,658			10	10	10	5
Armstrong, QC	9,052	300	8,000	298	298	298	296
Stanstead Route 55 (Rock Island), QC	18,000	2,300	5,000	10,450	10,450	10,450	8,238
Projects – Initial Planning & Identification							
St-Stephen NB	15,000			115	115	115	66
Fraser, BC	2,000		100				
Aldergrove, BC	9,935		100	571	571	571	10

Table 9: Horizontal Initiatives

In 2005-2006, CBSA participated as a partner on the following Horizontal Initiatives:

1) Canada Drug Strategy http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/cds-sca/description_e.asp Lead: Health Canada.

2) The Tobacco Control Strategy http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/ftcs-sflct/description_e.asp. Lead: Health Canada.

3) Marine Security http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/ms-sm/description_e.asp. Lead: Transport Canada.

4) National Initiatives to Combat Money Laundering http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/nicml-inlba/description_e.asp.
Lead: The Department of Finance.

5) Canadian Firearms Program http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/cfp-pcaf/description_e.asp. Lead: Canadian Firearms Centre.

Information on Horizontal Initiatives can be found at http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp

Table 10: Financial Statements

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2006 and all information contained in this report rests with Agency management. These financial statements have been prepared by management in accordance with accounting policies issued by the Treasury Board which are consistent with Canadian generally accepted accounting principles for the public sector.

Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the department's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the department's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded, and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff; by organizational arrangements that provide appropriate divisions of responsibility; and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the department.

Original signed by:

Alain Jolicoeur, President; and,
Gerry Derouin, Senior Financial Officer
Ottawa, Canada
August 15, 2006

Canada Border Services Agency
Statement of Operations (*Unaudited*)
At March 31
(in thousands of dollars)

	2006				2005
	Access	Security	Science and Technology-based Innovation	Total	Total
Revenues					
Tax revenues					
Excise Taxes (Note 4)	23,345,397			23,345,397	21,968,371
Customs Import Duties	3,329,810			3,329,810	3,091,209
Excise Duties	79,580			79,580	65,628
Less: Bad debt	636			636	(26,318)
	26,755,423			26,755,423	25,098,890
Non tax revenues					
Sale of goods and services	16,900	3,145	217	20,262	56,398
Interest & Penalties & Fines	17,964	29	6	17,999	360
Revenue from seized property	8,780			8,780	
Confiscation of Cash Bonds		2,384		2,384	
Gain on disposal and post-capitalization of tangible capital assets	2,351	47	11	2,409	134
Misc non-tax revenue	4,119	876		4,995	25,370
	50,114	6,481	234	56,829	82,262
Total Revenues	26,805,537	6,481	234	26,812,252	25,181,152
Operating Expenses					
Salaries and employee benefits	657,985	222,636	104,595	985,216	859,718
Professional and special services	29,798	43,795	24,035	97,628	85,271
Consumable machinery and equipment (parts)	676	3,529	58,202	62,407	58,585
Rental of land and buildings	35,151	12,008	2,475	49,634	47,087
Transportation and telecommunication	19,507	24,153	4,470	48,130	35,910
Repair and maintenance	21,230	7,844	4,892	33,966	20,085
Amortization	7,191	6,954	13,489	27,634	18,101
Materials and supplies	9,504	5,493	939	15,936	9,583
Other	1,543	4,069	2,999	8,611	7,123
Total Expenses	782,585	330,481	216,096	1,329,162	1,141,463
Net Results	26,022,951	(324,000)	(215,862)	25,483,090	24,039,689

The accompanying notes form an integral part of these financial statements.

Canada Border Services Agency
Statement of Financial Position *(Unaudited)*
At March 31
(in thousands of dollars)

	2006	2005
ASSETS		
Financial assets		
Cash	2,071,048	2,076,423
Accounts receivable and advances (Note 5)	8,080	15,196
Tax receivables (Note 6)	1,171,459	947,506
Total financial assets	3,250,587	3,039,125
Non-Financial Assets		
Prepaid expenses	0	166
Inventory	4,358	4,841
Tangible capital assets (Note 7)	292,432	285,646
Total non-financial assets	296,790	290,653
TOTAL	3,547,377	3,329,778
LIABILITIES and EQUITY		
Liabilities		
Accounts payable and accrued liabilities	87,937	105,189
Payable to provinces (Note 8)	7,569	5,976
Tax payables	24,136	23,362
Deposit accounts (Note 9)	39,670	37,982
Vacation pay and compensatory leave	71,967	82,621
Employee benefits (Note 10)	118,288	87,362
	349,567	342,492
Equity of Canada	3,197,810	2,987,286
TOTAL	3,547,377	3,329,778

Contingent liabilities (Note 11)
Contractual obligations (Note 12)
The accompanying notes form an integral part of these financial statements.

Canada Border Services Agency
Statement of Equity of Canada *(Unaudited)*
At March 31
(in thousands of dollars)

	2006	2005
Equity of Canada, beginning of year	2,987,286	2,967,758
Net results	25,483,090	24,039,689
Current year appropriations used (Note 3)	1,168,851	1,061,090
Revenue not available for spending	(26,797,314)	(25,165,688)
Change in net position in the Consolidated Revenue Fund (Note 3)	244,212	(19,463)
Services provided without charge by other government departments (Note13)	111,685	103,900
Equity of Canada, end of year	3,197,810	2,987,286

The accompanying notes form an integral part of these financial statements.

Canada Border Services Agency
Statement of Cash Flow *(Unaudited)*
At March 31
(in thousands of dollars)

	2006	2005
Operating activities		
Net Results	25,483,090	24,039,689
Non-cash items:		
Services provided without charge other government departments	111,685	103,900
Amortization of tangible capital assets	27,634	18,101
Other	10	(3,100)
Variations in Statement of Financial Position:		
Decrease (Increase) in Accounts receivable and advances	7,116	(12,582)
Decrease (Increase) in Tax receivables	(223,953)	5,512
Decrease in Prepaid expenses	166	229
Decrease (Increase) in Inventory	483	(796)
Increase (Decrease) in Accounts payable and accrued liabilities	(17,253)	73,479
Increase in Payable to provinces	1,593	1,868
Increase in Deposit accounts	1,688	3,037
Increase (Decrease) in Vacation pay and compensatory leave	(10,654)	29,717
Increase in Tax payables	774	1,160
Increase in Employee benefits	30,926	87,362
Cash generated by operating activities	25,413,305	24,347,576

Capital investment activities		
Acquisitions of tangible capital assets	(36,506)	(49,837)
Proceeds from disposal of tangible capital assets	2,077	55
Cash used by capital investment activities	(34,429)	(49,782)
Financing activities		
Net cash forwarded to the Government of Canada	(25,384,251)	(24,124,061)
Net cash (used) generated	(5,375)	173,733
Cash, beginning of year	2,076,423	1,902,690
Cash, end of year	2,071,048	2,076,423

The accompanying notes form an integral part of these financial statements.

1. Authority and purpose

The Canada Border Services Agency (the "Agency") was established effective December 12, 2003, when the Government announced a restructuring that resulted in the creation of the Agency, through the transfer of portions of the Canada Revenue Agency (CRA), Citizenship and Immigration Canada (CIC) and the Canadian Food Inspection Agency (CFIA).

The Agency is a departmental corporation named in Schedule II of the *Financial Administration Act* and reports to Parliament through the Minister of Public Safety. The Agency is funded through appropriations from the Government of Canada.

The Agency is responsible for the administration and enforcement of the following acts or portions of these acts: the *Customs Act*, the *Customs Tariff*, the *Excise Act*, the *Excise Tax Act*, the *Citizenship Act*, the *Immigration and Refugee Protection Act*, as well as other acts on behalf of other Federal departments and provinces.

In delivering its mandate, the Agency operates under the following program activities:

(a) The Access program activity contributes to the security and prosperity of Canada through the development of national programs and operational policies related to admissibility, processing and recourse mechanisms for the import and export of goods and the movement of people, and investigating complaints related to unfair trade practices.

(b) The Security program activity ensures enforcement of Canadian legislation related to border management, by providing sound intelligence to decision makers, and by acting as a focal point for Agency relations with partners in the security, intelligence, and law enforcement communities.

(c) The Science and Technology-based Innovation program activity enables and supports efficient and effective border management, and plays an important role in protecting Canadians from existing risk and emerging threats, through the development, implementation, delivery, and maintenance of innovative and cost-effective technology and science solutions.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

(a) Parliamentary appropriations

The Agency is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the department do not parallel financial reporting according to generally accepted accounting principles since appropriations are based primarily on cash-flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

(b) Net Cash forwarded to the Government of Canada

The Agency operates within the CRF, which is administered by the Receiver General for Canada. All cash received by the Agency is deposited to the CRF and all cash disbursements made by the Agency are paid from the CRF. The net cash forwarded to the Government of Canada is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

(c) Change in net position in the Consolidated Revenue Fund

The change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non re-spendable revenue recorded by the department. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

(d) Tax revenues

Tax revenues reported in this statement include revenues collected under the authority of the *Customs Act*, the *Customs Tariff*, the *Excise Act* and the *Excise Tax Act*. These taxes include: Excise taxes, which consist of Goods and Services and Harmonized Sales taxes (GST/HST), Excise duties and Customs import duties. Domestic harmonized and goods and services taxes, as well as the input tax credits accorded for GST/HST paid on importations and domestic transactions, are not reflected in these statements as the Canada Revenue Agency is responsible for their administration.

The determination of these revenues is based on the taxes and duties assessed that relate to goods authorized by the Agency to enter into Canada during the fiscal year ended March 31.

(i) Assessment definition

An assessment (or reassessment) of taxes is defined as all decisions and other steps made or taken by the Minister of Public Safety and officials of the Agency under the federal, provincial, and territorial acts or sections of the acts administered by the Agency to determine taxes payable by importers. When verifying an importer's declaration, the Agency uses the applicable provisions of the various acts it administers as well as other internally developed criteria which are designed substantially to meet the provisions of these acts.

(ii) Completeness of tax revenues

The Canadian customs and tax systems are predicated on self-assessment where importers are expected to understand the laws and comply with them. This has an impact on the completeness of duty and tax revenues when importers fail to comply with laws, for example, if they do not declare or incorrectly declare goods imported. The Agency has implemented systems and controls in order to detect and correct situations where importers are not complying with the various acts it administers. These systems and controls include performing audits of importer records where determined necessary by the Agency. Such procedures cannot be expected to identify all undeclared or incorrectly declared importations or other cases of non-compliance. The Agency does not estimate the amount of unreported duties and taxes. However, such amounts are included in revenues when assessed.

(e) Non-tax revenues

Non-tax revenues reported in this statement include revenues collected on behalf of the Government of Canada under the *Immigration and Refugee Protection Act*, the *Agriculture and Agri-Food Administrative Monetary Penalties Act* and other similar legislation.

Non-tax revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(f) Expenses

All expenses are recorded on an accrual basis.

(i) Employee vacation pay and compensatory leave.

Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment. The liability for vacation pay and compensatory leave is calculated at the salary levels in effect at the end of the year for all unused vacation pay and compensatory leave benefits accruing to employees.

(ii) Services provided without charge by other Government departments.

Services provided without charge by other government departments for accommodation, workers' compensation benefits, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

(g) Cash

Cash includes amounts received in Agency offices or by Agency agents as at March 31 but not yet deposited to the credit of the Consolidated Revenue Fund of the Government of Canada.

(h) Accounts receivable and advances

Accounts receivable and advances are stated at amounts expected to be ultimately realized; a provision is made for doubtful accounts where recovery is considered uncertain. The allowance for doubtful accounts is increased/decreased by an annual provision for doubtful accounts and is reduced by amounts written off as uncollectible during the year.

(i) Tax receivables

Tax receivables represent duties and taxes and other revenues assessed or estimated by the Agency but not yet collected. A significant portion of the receivable balance is due to the recording of accrued receivables, which relate to the current fiscal year but are not due for payment until the next fiscal year. All receivables are stated at amounts ultimately expected to be realized; a provision is made for doubtful accounts where recovery is considered uncertain. This allowance for doubtful accounts reflects management's best estimate of the collectibility of amounts assessed but not yet paid.

(j) Inventory

Inventory consists of forms, publications and uniforms and is not intended for resale. They are valued at cost (determined by using the weighted average cost method). Items which are considered obsolete are written off. The cost of inventory is charged to operations in the period in which the items are used.

(k) Tangible capital assets

All tangible capital assets having an initial cost of $10,000 or more are recorded at their acquisition cost. Amortization of capital assets, except land, is performed on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Useful life
Buildings	30 years
Works and infrastructure	40 years
Machinery and equipment	10 years
Vehicles	5 years
In-house developed software	7 years
Purchased software	3 years
Information technology equipment	5 years

Assets under construction/development are not amortized until completed and put into operation.

(l) Tax payables

Tax payables represent the Excise taxes (GST and HST), Excise duties and Customs import duties due to importers as a result of assessments to the benefit of importers for current or prior year imports.

(m) Employee future benefits

(i) Pension benefits: Eligible employees participate in the Public Service Superannuation Plan, a multi-employer plan administered by the Government of Canada. The Agency's contributions to the Plan are charged to expense in the year incurred and represent the total Agency obligation to the Plan. Current legislation does not require the Agency to make contributions for any actuarial deficiencies of the Plan.

(ii) Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(n) Contingent liabilities

Contingent liabilities are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(o) Environmental liabilities

Environmental liabilities reflect the estimated costs related to the management and remediation of contaminated sites. Based on management's best estimates, a liability is accrued and an expense recorded when the contamination occurs or when the Agency becomes aware of the contamination and is obligated, or is likely to be obligated to incur such costs. If the likelihood of the Agency's obligation to incur these costs is either not determinable or unlikely, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.

(p) Measurement uncertainty

The preparation of these financial statements, in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, environmental liabilities, the liability for employee severance benefits, the allowance for doubtful accounts and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary appropriations

The Agency receives most of its funding through Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Agency has different net results for the year on a government-funding basis than on an accrual accounting basis. These differences are reconciled below:

(a) Reconciliation of net results to current year appropriations used

	2006	2005
	(in thousands of dollars)	
Net results	25,483,090	24,039,689
Adjustments for items affecting net results but not affecting appropriations		
Add (Less):		
Revenue not available for spending	(26,797,314)	(25,165,688)
Services provided without charge	111,685	103,900
Amortization of tangible capital assets	27,634	18,101

Employee severance benefits	30,926	0
Other	9,523	(1,541)
Adjustments for items not affecting net results but affecting appropriations		
Add (Less) :		
Acquisition of tangible capital assets	(30,106)	(49,837)
Inventory purchased	(4,046)	(5,535)
Prepaid expenses	(243)	(179)
Current year appropriations used	(1,168,851)	(1,061,090)

(b) Appropriations provided and used

	2006	2005
	(in thousands of dollars)	
Parliamentary appropriations		
Vote 10 – Operating expenditures	1,043,931	981,367
Vote 15 – Capital expenditures	32,297	26,332
Statutory amounts		
Contributions to employee benefit plans	136,082	118,687
Spending proceeds from disposal of surplus crown assets	240	125
Refunds of amounts credited to revenues previous years	15	7
Less:		
Lapsed appropriations		
Vote 10 – Operating expenditures	(29,443)	(64,812)
Vote 15 – Capital expenditures	(14,180)	(616)
Appropriations available for future years	(91)	
Current year appropriations used	1,168,851	1,061,090

(c) Reconciliation of net cash provided by (forwarded to) Government to current year appropriations used

	2006	2005
	(in thousands of dollars)	
Net cash provided (deposited to) by Government	(25,384,251)	(24,124,061)
Revenue not available for spending	26,797,314	25,165,688
Change in net position in the Consolidated Revenue Fund		

Variation in accounts receivable	(216,837)	(7,070)
Variation in accounts payable and accrued liabilities	(13,198)	79,544
Other adjustments	(14,177)	(53,011)
	(244,212)	19,463
Current year appropriations used	1,168,851	1,061,090

4. Excise taxes

The Agency collects Harmonized Sales taxes (HST) under the terms of the Comprehensive Integrated Tax Coordination Agreement (CITCA). The Agency remits the provinces' share HST to the department of Finance monthly on the basis of a remittance schedule developed by the department of Finance in accordance with the terms of the CITCA. The total remitted for 2006 was $1,594,557,514. ($1,399,178,481 in 2005).

5. Accounts receivable and advances

The following table presents details of the accounts receivable and advances:

	2006	2005
	(in thousands of dollars)	
Receivables from Other Government Departments and Agencies	4,147	12,597
Receivables external to the Government	3,199	1,782
Employee advances and other receivables	1,254	1,393
Less: allowance for doubtful accounts on external receivables	(520)	(576)
Total	8,080	15,196

6. Tax receivables

Accounts receivable from importers represents the Customs duties, Excise taxes, Goods and Services and the Harmonized Sales taxes due to the Receiver General of Canada as a result of importations into Canada by importers.

The following table presents details of tax accounts receivable:

	2006	2005
	(in thousands of dollars)	
Tax receivables	1,403,291	1,207,150
Less: Allowance for doubtful accounts	(231,832)	(259,644)
Net tax receivables	1,171,459	947,506

7. Tangible capital assets

(in thousands of dollars)

Capital asset class	Cost Opening Balance	Acquisitions	Transfers Disposals write-offs and other	Closing balance	Accumulated amortization Opening balance	Amortization	Transfers, disposals write-offs and other	Closing balance	2006 Net book value	2005 Net book value
Land	4,396	6		4,402				-	4,402	4,396
Buildings	138,164	14	99	138,277	36,378	4,602		40,980	97,297	101,786
Works and Infrastructure	1,124	-		1,124	292	21		313	811	832
Machinery & Equipment	52,412	4,660	(148)	56,924	16,416	4,843	(29)	21,230	35,694	35,996
IT equipment, in house developed and purchased softwares	62,912	6,386	36,801	106,099	15,483	14,625	3,925	34,033	72,066	47,429
Vehicles	23,719	1,880	(1,379)	24,220	14,095	3,543	(1,334)	16,304	7,916	9,624
Assets under construction	85,583	23,561	(34,898)	74,246	-			-	74,246	85,583
Total	368,310	36,507	475	405,292	82,664	27,634	2,562	112,860	292,432	285,646

Amortization expense for the year ended March 31, 2006 is $27,634 (2005 - $18,101).

8. Payable to Provinces

A number of Memorandums of Understanding (MOUs) have been established between the provinces and CBSA, whereby CBSA collects provincial sales, alcohol and tobacco taxes on behalf of the provinces and remits these collections directly to the provinces monthly in compliance with the strict time lines set-out in the MOUs.

	2006	2005
	(in thousands of dollars)	
Opening balance	5,976	4,063
Increase in payable to Provinces	1,593	1,913
Closing balance	7,569	5,976

9. Deposit accounts

The deposit accounts were established to record cash and securities required to guarantee payment of Customs duties and Excise taxes on imported goods pursuant to the *Customs Act* and the *Excise Tax Act* and to guarantee the compliance of transporters and individuals with the provisions of the *Immigration and Refugee Protection Act*.

	2006	2005
	(in thousands of dollars)	
Opening balance	37,982	69,161

In-year variation:		
Increase (Decrease) Guarantee deposit accounts	1,506	(31,398)
Increase Seized cash	-	4
Increase Other deposit accounts	182	216
Closing balance	39,670	37,982

10. Employee benefits

(a) Pension benefits: The Agency's employees participate in the Public Service Superannuation Plan, which is administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with the Canada/Québec Pension Plans benefits and they are indexed for inflation. Both the employees and the Agency contribute to the cost of the Plan. The Agency's responsibility with regard to the Plan is limited to its contributions, which represents approximately 2.6 times the contributions made by employees. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits: The Agency provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Due to the restructuring that established the Agency in 2003-04, comparative information is not available for the severance benefit expense and beginning accrued benefit obligation for 2005. The liability as at March 31, 2006 is $118,287,840, which is an increase of $30 million from the March 31, 2005 liability ($87,361,605). The increase in the liability from March 31, 2005 to March 31, 2006 is explained by both a significant increase in the actuarial rate and a significant increase in the employee base.

11. Contingent liabilities

(a) Contaminated sites

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites where the Agency is obligated, or likely to be obligated, to incur such costs. The Agency has identified 2 sites in 2006 (9 sites in 2005) where such action is possible and for which a liability of $ 0.9 Million in 2006 ($1.6 million in 2005) has been recorded. The Agency's ongoing efforts to assess contaminated sites may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These liabilities will be accrued in the year in which they become known.

(b) Claims and litigation

Claims have been made against the Agency, in the normal course of operations. Legal proceedings for claims totalling approximately $195 million ($140 millions in 2005) were still pending at March 31, 2006. In addition, appeals for previously assessed Customs duties, Excise duties, Goods and Services and Harmonized Sales taxes have been received in the amount of $272 million ($269 million in 2005).

Some of these claims and appeals may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability and expense are recorded in the financial statements. As of March 31, 2006 the Agency has recorded an estimated liability of $1.2 million ($0 in 2005).

12. Contractual Obligations

The nature of the Agency's activities results in large multi-year contracts and obligations whereby the Agency will be committed to make future payments when the services/goods are received.

Significant commitments that can be reasonably estimated are as follows:
(in thousands of dollars)

	2007	2008	2009	2010 and there-after	Total
Operating lease	4,000	4,000	4,000	-	12,000

This commitment is from a multi-year contract for the provision of a low-risk detention centre in Toronto, Ontario.

13. Related party transactions

The Agency is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Agency enters into transactions with these entities in the normal course of business and on normal trade terms. Specifically:

a) The Agency has arrangements with the Canada Revenue Agency for the provision of information technology services, which are paid for on a quarterly basis.

Information Technology Services provided include:
- Infrastructure Administration and services;
- Architecture and Consulting Services; and,
- Regional Services.

b) The Canada Border Services Agency administers its customs duties and tax programs and deposits its cash receipts through an accounting system and bank accounts owned by the Canada Revenue Agency (CRA).

c) Also during the year, the department received services, which were obtained without charge from other departments. Significant services provided without charge have been recognized in the Statement of Operations as follows:

	2006	2005
	(in thousands of dollars)	
Accommodation	49,400	46,600
Employer's contribution to the health and dental insurance plans	58,703	54,100
Worker's compensation coverage	420	400
Legal services	3,162	2,800
	111,685	103,900

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the Agency's Statement of Operations.

d) Remission of GST to Other Government Departments

Under an Order in Council PC 1990-2854 dated December 21, 1990, "GST Federal Government Departments Remission Order," a remission is provided for the GST paid or payable by departments of the federal government on their taxable purchases of goods and services. The amount remitted by the Agency for tax paid on taxable importations by departments of the federal government for 2006 is $31,329,296 ($34,987,945 in 2005).

Table 11: Response to Parliamentary Committees, and Internal Audits and Evaluations for the Fiscal Year: 2005-2006

Response to Parliamentary Committees
None requested in 2005-2006
Response to the Auditor General including to the Commissioner of the Environment and Sustainable Development (CESD)
Safety of Drinking Water-Federal Responsibilities This audit examined whether the government is complying with its legal obligation under the *Canada Labour Code* to make sure the drinking water provided to its employees meets these guidelines. The audit assessed whether six key federal departments and agencies (including CBSA) complied with requirements to test drinking water for bacteria, as this testing is critical to protect human health. The audit did not include recommendations for the CBSA. http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20050904ce.html **Environmental Petitions** In 2005-2006, the Agency received an Environmental Petition (126B) from the CESD. The petitioner claims while working in a shipping department of a private company, he cut the packing tape securing a pallet that had arrived from Hong Kong and was covered by Dinex, a toxic pesticide not registered for use in Canada, and it affected his health. Mr. Edwards questioned the procedures in place to prevent a similar incident from occurring and requested other actions from departments. His petition was forwarded to four departments and agencies including the CBSA. Although CBSA officials were unable to conclusively determine why the shipment in question contained Dinex, the petition brought to our attention the possibility that it and other pesticides may be improperly used to treat wood packaging for shipments arriving from Hong Kong. CBSA officials have since taken specific steps to identify and examine shipments of this nature more closely in order to determine the extent of this practice and make efforts to ensure that only properly treated shipments are released. Additionally, CBSA employees have been alerted to the possible presence of loose pesticides in similar shipments. The compete details of the petition and CBSA response can be found at: www.oag-bvg.gc.ca/domino/petitions.nsf/english **Passport Office Audit** An audit of the Passport Office followed up on a recommendation from the March 2004 audit on National Security concerning the sharing of lost and stolen passport information. The audit confirmed that processes were implemented to ensure, as agreed, the exchange of lost and stolen passport information was implemented in the summer of 2004. The Passport Office Audit can be found at: http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20050403ce.html#ch3hd3c The National Security Audit can be found at: http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20040303ce.html

External Audits (Note: These refer to other external audits conducted by the Public Service Commission of Canada or the Office of the Commissioner of Official Languages).

Official Languages

The Office of the Commissioner of Official Languages conducted an audit of the CBSA between February 2005 and June 2005, to assess whether the Agency offers satisfactory customs services to clients in the official language of their choice at bilingual border crossings.

The Commissioner made 12 recommendations with a view to helping the CBSA improve delivery of the full range of services that it is required to offer in both official languages at designated bilingual border crossings.

The full report can be found here:
http://www.ocol-clo.gc.ca/archives/sst_es/2005/border_frontaliers/border_frontaliers_e.htm

Internal Audits or Evaluations

Five internal audits were completed in 2005-2006

- Review of the Audit Requirements of the Canadian Police Information Centre (CPIC) System http://cbsa.gc.ca/formspubs/type/auditreports/2006/cpic_cipc-e.html
- 2004-2005 Year-End Cash Cut-Off Procedures Audit http://cbsa.gc.ca/formspubs/type/auditreports/2005/procedure-e.html
- Audit of Data Migration 2004-2005
- Cross-Border Currency Reporting Program Audit
- Audit of Transition

Two evaluations were completed in 2005-2006

- NEXUS Air http://cbsa.gc.ca/formspubs/type/auditreports/2006/nexus_air-e.html
- NEXUS Marine http://cbsa.gc.ca/formspubs/type/auditreports/2006/nexus_mar-e.html

Table 12: Sustainable Development Strategy

Sustainable development involves choosing to do things in ways that make desired results last, recognizing that the decisions of today are legacies to the generations of tomorrow. The CBSA will develop a relevant and achievable Sustainable Development Strategy (SDS) and action plan, contributing to the federal government's horizontal sustainable development priorities. Our strategy will help us integrate sustainable development principles into our policies, programs and operations.

As per the 2004-2005 DPR Guidelines, the Canada Border Services Agency is required to table its first sustainable development strategy in 2006.

Table 13: Service Improvement Initiative

Trade dispute resolution - review of prohibited importations

- Reduction of age of inventories, particularly in the trade dispute resolution area, by close to 30 percent, over the past 3 fiscal years
- Exceeded service standard of 30 days for determination of prohibited titles – average turnaround of 16 days, based on 3,338 titles

NEXUS Highway

- In cooperation with the U.S., opened first urban enrolment centre at King County International Airport in Seattle/Washington
- Provides a more convenient location for NEXUS Highway applicants to enrol in program

NEXUS Marine pilot project

- As of January 2006, 700 members enrolled in pilot
- Surveys show 75 percent of members are highly satisfied with pilot
- Reduces time for low-risk recreational boaters to clear customs and immigration by close to 20 minutes per passage

NEXUS Air pilot project

- Implemented at the Vancouver International Airport on November 30, 2004
- Initial membership goal of 3,000 clients was exceeded by 22% within seven months of operation
- Reduces passage processing time by 27 minutes for low-risk air travellers to meet their border clearance obligations

Transit Time Reduction in Detroit/Windsor Corridor

- Wait times for Canada-bound traffic at Ambassador Bridge, Detroit-Windsor Tunnel, and Blue Water Bridge have dropped by an average of 62 percent for passenger and commercial flows combined

Rail Export Verification Unit

- Pilot project for combined reporting of southbound rail shipments by CN Rail
- Eliminated export train delays at eight border crossings currently used by CN Rail

Table 14: Travel Policies

Comparison to the Treasury Board Special Travel Authorities

Travel Policy of the Canada Border Services Agency:
The Canada Border Services Agency follows the TB Travel Authorities and the Canada Customs and Revenue Agency (CCRA) Travel Policy.
Authority: Treasury Board Travel Authorities and the *Canada Custom's Revenue Agency Act*.
Coverage: Treasury Board Authorities: All employees of the CBSA with the exception of approximately 20, who occupy specific groups.
Principal differences(s) in policy provisions: See below.
Principal financial implications of the differences: See below.

Comparison to the TBS Travel Directive, Rates and Allowances

Travel Policy of the Canada Border Services Agency:
The CBSA uses the TBS *Travel Directive, Rates and Allowances* for all employees except those in certain occupational groups (such as financial officers) who were transferred by Orders-in-Council to CBSA from the former CCRA and for whom collective agreements have not yet been signed with the Treasury Board (i.e. employees who are still subject to collective agreements negotiated with the former CCRA).
Authority: The *CCRA Act*.
Coverage: Approximately 20 employees are covered by the CCRA Travel Policy, Rates and Allowances - including those who are members of the Professional Institute of the Public Service (PIPS).
Principal difference(s) in policy provisions: Primarily in the terms and treatment of expense reimbursement related to dependant care, incidental expense allowance, weekend travel home, and weekend travel alternatives when on travel status.
Principal financial implications of the difference(s): Some allowances are lower and/or the requirements to claim a reimbursement are more restrictive under the Treasury Board Secretariat's Travel Directive than under the CCRA Travel Policy, potentially reducing travel expense claims. The overall impact is not considered to be significant to either the CBSA as a whole or to the travel expenses of the employees affected.

SECTION IV – OTHER ITEMS OF INTEREST

Other Programs and Services

CBSA has begun publishing annual critical incident statistics on the Internet. These statistics are currently, and will in the future be, publicly available before the tabling of each fiscal year's Departmental Performance Report. The critical incidents statistics for 2005-2006 can be found at the following hyperlink:

http://cbsa.gc.ca/formspubs/type/work-travail/2006work-travail-e.html

Appendix A: Examples of key partners and stakeholders

Our key partners and stakeholders include:
Government
✓ Department of Public Safety and Emergency Preparedness Canada and the other portfolio partners: ▪ Canadian Security Intelligence Service ▪ Royal Canadian Mounted Police ▪ Canada Firearms Centre ▪ Correctional Service of Canada ▪ National Parole Board
✓ Other federal departments and agencies: ▪ Citizenship and Immigration Canada ▪ Canada Revenue Agency ▪ Canadian Food Inspection Agency ▪ Immigration and Refugee Board of Canada ▪ Passport Office ▪ Foreign Affairs and International Trade Canada ▪ Health Canada ▪ Public Health Agency of Canada ▪ Justice Canada ▪ Canadian International Development Agency ▪ Department of Finance ▪ Privy Council Office ▪ Treasury Board of Canada Secretariat ▪ Canadian International Trade Tribunal ▪ Transport Canada ▪ Regional development agencies ▪ etc.
✓ Provinces and territories
✓ Municipalities
✓ Foreign governments and agencies, including the U.S., Mexico and the U.K.
Law Enforcement Agencies
✓ Federal, provincial and municipal police forces
✓ Foreign border and enforcement agencies, particularly U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement
Stakeholders and Advisors
✓ Canada Border Services Advisory Committee
✓ Border Commercial Consultative Committee
✓ Bridge, port and airport authorities
✓ Multilateral Organizations: ▪ World Customs Organization ▪ World Trade Organization ▪ European Union ▪ Asia-Pacific Economic Cooperation ▪ G8 ▪ Four-Country Conference ▪ Intergovernmental Consultations on Asylum, Refugee and Migration Policies ▪ United Nations High Commissioner for Refugees ▪ etc.
✓ Industry, trade and tourism associations, chambers of commerce
✓ Non-governmental organizations: ▪ Canadian Red Cross ▪ Canadian Council for Refugees ▪ Cross-Cultural Roundtable on Security ▪ Ethno-cultural groups ▪ etc.
✓ Academic and research communities

Appendix B: Food, Plant, and Animal Program within the Canada Border Services Agency 2005-2006

	Totals	Plant Health	Animal Health
Number of Interceptions (excluding Detector Dogs)	60,344	20,880	39,464
Total Number of Detector Dog Interceptions	24,278	11,936	12,342
Total Number of Interceptions	84,622	32,816	51,806

	Totals
Number of Plants	40,567
Number of Plant Products	31,204
Number of Kilograms of Soil	1,755
Number of Kilograms of Meat	50,006
Number of Kilograms of Meat Products	9,192
Number of Birds	413
Number of Animals	13,010
Number of Animal Products	18,900
Number of Articles Disinfected	3,474
Number of Submissions for Identification (AGR1303) or Laboratory Analysis (AGR 1528) for Plants	10
Number of Submissions for Identification (AGR1303) or Laboratory Analysis (AGR 1528) for Animals	6
Number of Administrative Monetary Penalties Issued (AMP) for Plants	361
Number of Administrative Monetary Penalties Issued (AMP) for Animals	2921